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## 1 The Dividend Reinvestment Plan

The following terms and conditions apply to the Dividend Reinvestment Plan (“**DRP**”) of Funtastic Limited (the “**Company**”).

## 2 Interpretation

In these Rules, unless the context otherwise requires:

“**Directors**” means the Directors of the Company for the time being acting as a Board;

“**DRP Dividend Payment Account**” means an account kept by the Company in accordance with clause 7.4 and into which the Company is obliged to pay the dividends on Participating Shares;

“**DRP Shares**” means ordinary shares in the capital of the Company issued to a Member pursuant to the DRP;

“**Eligible Share**” means an ordinary share in the capital of the Company (and such other class of shares the Directors may declare to be Eligible Shares) excluding any shares in respect of which the issue price is not fully paid;

“**Member**” means a person at any time and from time to time holding an Eligible Share;

“**Non-participant**” means a Member who is not a Participant;

“**Non-participating Share**” means an Eligible Share which is not subject to the DRP;

“**Notice of Election**” means a notice in such form as the Directors of the Company may determine by which a Member makes an election as to the extent of that Member’s participation in the DRP;

“**Participant**” means a Member who has elected to participate in the DRP in accordance with these terms and conditions;

“**Participating Shareholding Account**” means an entry made in the Register of Members in respect of a Shareholding Account of a Member recording separately the number of shares which are Participating Shares;

“**Participating Share**” means an Eligible Share which is to participate in the DRP pursuant to valid election;

“**record date**” means the date and time, as determined by the Directors, at which a person holds or is taken to hold shares for the purposes of determining dividend entitlements;

“**Register of Members**” means a register of members of the Company and includes that part of the Register of Members that records uncertificated holdings of shares and is administrated by the Securities Clearing House on behalf of the Company (“**CHESS Sub-register**”) and that part of the Register of Members that records certificated and/or uncertificated holdings of shares and is administrated by or on behalf of the Company (“**Company Sponsored Sub-register**”) (collectively the “**Sub-registers**”);

“**Shareholding Account**” means an entry made in the Register of Members in respect of a Member recording the holding of ordinary shares of that Member;

**“terms and conditions”** means the terms and conditions of the DRP as varied from time to time;

the singular shall include the plural; and

a reference to **“person”** includes a reference to a corporation, a trust, or a partnership.

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### **3 Period of Operation**

The DRP will be established at the time it is approved by the Directors pursuant to the Constitution of the Company. The DRP will be activated and commence operation at the time the Directors resolve that it be activated. The DRP is intended to be continued so that a Member who elects to participate in the DRP will, as the DRP is constituted, continue to participate unless a notice of variation or termination is given to the Company by that Member.

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### **4 Participation**

- 4.1 The Company will upon the Directors resolving to do so despatch a Notice of Election to each Member who is eligible to participate in the DRP. Participation in the DRP is optional and is not transferable.
- 4.2 The Directors may determine that a member is not entitled to participate in the DRP, whether or not that Member has received from the Company an invitation to participate or has completed a Notice of Election, if the Member is subject to the laws of, or the Member's registered address is in, a country or place where (in the absence of a registration statement or other prerequisite) the offer of a right of election under the DRP would or might in the opinion of the Directors be unlawful. It is the responsibility of each Member to obtain any necessary approvals to enable that Member to participate.
- 4.3 Notwithstanding any other terms of the DRP, a Member is not eligible to participate in the DRP in respect of fewer than 100 ordinary shares.
- 4.4 Upon receipt by the Company of the Notice of Election duly completed and executed, participation in the DRP will commence from the next record date for determining entitlements for dividends.

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### **5 Election**

- 5.1 Upon receipt of an invitation to participate in the DRP, and a Notice of Election in accordance with clause 4.1, a Member may elect to nominate that Member's Shareholding Account for either:
  - (a) maximum participation; or
  - (b) partial participation,by delivering to the Company a duly completed and executed Notice of Election.

- 5.2 A separate Notice of Election must be delivered to the Company in relation to each Shareholding Account which a Member wishes to nominate for participation in accordance with clause 5.1.
- 5.3 If a Notice of Election specifies maximum participation, all Eligible Shares held by the Member, including those subsequently acquired by the Member in respect of the relevant Shareholding Account, whether under the DRP or otherwise, will be Participating Shares.
- 5.4 If a Notice of Election specifies partial participation, only that number of Eligible shares specified in the Notice of Election will be Participating Shares irrespective of subsequent acquisitions by the Member. Dividends paid on Non-participating Shares will be paid to the Member by cheque or in such other way as agreed in accordance with the Constitution of the Company.
- 5.5 If a Notice of Election specifies a number of shares which is greater than the total number of Eligible Shares in the relevant Shareholding Account on the record date, the Member shall be deemed to have elected maximum participation in respect of that dividend.
- 5.6 If a notice of Election:
- (a) purports to nominate a Shareholding Account for both maximum participation and partial participation at the same time; or
  - (b) does not indicate the degree of participation (including merely placing a tick where a specific number of shares is required),
- the relevant Member shall be deemed to have elected for maximum participation.
- 5.7 The Company shall not be liable to any Member for any loss, damage or claim in respect of that Member's participation as a result of the operation of clauses 5.5 or 5.6.
- 5.8 A Member may vary an election previously made by delivering to the Company a statement or notice in writing in satisfactory form indicating the variation.
- 5.9 A valid Notice of Election or notice terminating or varying the level of participation has effect as and from the date upon which it is received by the Company and will only be effective in respect of a particular dividend if received before the record date for the purposes of the payment of that dividend.

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## 6 Notice of Election

- 6.1 Subject to clause 6.2(a), a Notice of Election is not valid unless it:
- (a) is given in such form as is approved by the Directors from time to time;
  - (b) contains sufficient details to enable the Shareholding Account to which the Notice of Election relates to be clearly identified;
  - (c) complies with, and contains all the particulars required by, the form of Notice of Election; and
  - (d) is signed by or on behalf of the relevant Member in such manner as the Notice of Election may specify.

A Member shall provide sufficient details of a Shareholding Account by specifying his or her Shareholder Reference Number for shares held on a Company Sponsored Sub-register or Holder Identification Number for shares held on the **CHESS Sub-register**.

- 6.2 The Directors have an absolute discretion:
- (a) to accept and treat as valid a Notice of Election which does not satisfy the provisions of clause 6.1; and
  - (b) to reject and treat as invalid a Notice of Election where the Directors have determined that acceptance of the Notice of Election would or might prejudice the effective operation of the DRP or would or might otherwise be contrary to the laws of any country. The Directors may require any Member to satisfy them as to non-contravention of any such laws as the Directors require.
- 6.3 The company will be under no obligation to correct or amend defective Notices of Election on behalf of Members.

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## 7 Entitlement

- 7.1 In addition to the Shareholding Account referable to a Member, the Company shall keep a Participating Shareholding Account in respect of the Participating Shares of the Member.
- 7.2 Subject to clauses 7.2 and 7.7, each dividend payable on a Participating Share will, upon payment, forthwith be applied by the Company on the relevant Member's behalf in subscribing for DRP Shares in accordance with these terms and conditions.
- 7.3 A dividend payable in respect of a Participating Shareholding Account is not available for reinvestment under the DRP to the extent that the Company is entitled to and does retain or otherwise deals with the dividend in accordance with its Constitution or any legal requirements (including withholding tax).
- 7.4 Each Participant authorises the Company to pay the amount of that Participant's dividend which is to be reinvested under the DRP into the DRP Dividend Payment Account which will be held in trust for that Participant subject to these terms and conditions. Payment into that account constitutes payment of that part of the dividend.
- 7.5 Immediately following payment by the Company into the DRP Dividend Payment Account, the Company will apply the amount in the DRP Dividend Payment Account referable to each Participating Shareholding Account by paying the same as subscription money for the DRP Shares on behalf of the Participant. The number of shares to be so issued will be equal to, or, in the case of fractions, will round to the next whole number above, the quotient of:

$$D \div P$$

where

"D" is the amount in the DRP Dividend Payment Account referable to the Participating Shareholding Account; and

"P" is the weighted average market price of all fully paid ordinary shares in the Company sold on the Australian Stock Exchange Automated Trading System or, if applicable, the Australian Stock Exchange Limited on the record date and the four business days immediately before that date, less such discount (if any) determined by the Directors from time to time (adjusted in such manner as the Directors consider appropriate to preserve equity between Participants and Non-participants for the dividend payment, any bonus issue, rights issue or other distribution in which the DRP Shares will not participate and any other relevant fact, matter or thing) expressed in cents. If no shares in the Company are sold in that period, "P" shall be the price (in cents) determined by the Directors in their absolute discretion as representing the fair market value of shares in the Company.

7.6 The subscription price per DRP Share and paid by the Participant shall be:

$$D \div S$$

where:

“D” has the meaning attributed to it in clause 7.5; and

“S” is the number of DRP Shares to be issued pursuant to clause 7.5.

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## 8 Issues under the DRP

8.1 All DRP Shares will:

- (a) be issued on the date that the amount in the DRP Dividend Payment Account is applied in accordance with clause 7.5;
- (b) be fully paid ordinary shares;
- (c) rank equally in all respects with all other fully paid ordinary shares in the capital of the Company from the date of issue; and
- (d) be registered in the Register of Members. If the Participating Shares held by the Participant are registered on one Sub-register – on that Sub-register. If the Participating Shares held by the Participant are registered on more than one Sub-register – on those Sub-registers, pro rata to the proportion of Participating Shares registered respectively upon those Sub-registers.

8.2 Share certificates for the DRP Shares issued will be issued in respect of each Participating Shareholding Account of a Participant who is a certified holder.

8.3 At the time of dispatch of advice in respect of each dividend payment, a statement will be sent in respect of each Participating Shareholding Account to each Participant (in such form as the Directors may from time to time determine) detailing:

- (a) the dividend rate in cents per Participating Share;
- (b) the number of Participating Shares prior to the payment of the dividend;
- (c) the number of DRP Shares issued to the Participant and the cost of each such DRP Share;
- (d) the amount of withholding tax (if any) applicable to the dividend;
- (e) the extent to which the dividend is franked;
- (f) the record date for the purposes of the payment by the Company of the relevant dividend; and
- (g) such other information as the Directors may determine.

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## 9 Stock Exchange Listing

Application will be made by the Company as soon as practicable after issue for DRP Shares to be listed for quotation on the official list of each stock exchange on which other ordinary shares in the Company are listed on the date of issue.

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## 10 Costs of Participants

Unless otherwise required by law, brokerage, commission, stamp duty and other transaction costs are not payable by Participants in respect of the DRP.

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## 11 Events affecting Participation

- 11.1 Where a Participant disposes of part of the Participant's Eligible Shares and does not notify the Company otherwise, the shares disposed of will, to the extent possible, be taken in the first instance to be shares which are Non-participating Shares. If the Participant has specified partial participation and the remaining shares are less than the number specified for participation, the Participant will be treated as having elected for maximum participation until such time as the Participant's holding exceeds the number of shares previously specified for partial participation.
- 11.2 Where a Participant disposes of all the Participant's Eligible Shares and does not notify the Company otherwise, the Participant's participation in the DRP will be deemed to have terminated on the last date when the Company registered a transfer or instrument of disposal of the Participant's Eligible Shares.
- 11.3 If the Company is notified of the death or bankruptcy of a Participant, participation in the DRP by that Participant shall cease unless the personal representative or executor of the estate of the Member or trustee in bankruptcy (as the case may be) otherwise notifies the Company or the deceased or bankrupt Participant held the relevant shares jointly with other persons who remain eligible to participate.
- 11.4 Where a Member who holds Participating Shares in one or more Shareholding Accounts and Non-participating Shares in another such account or other such accounts becomes the registered holder of additional shares:
- (a) by reason of a transfer of shares from another person or;
  - (b) in consequence of an issue of shares pursuant to an acceptance of renounceable rights or an exercise of options, being rights or options which were transferred to the Member from another person,
- and the Member fails to identify correctly an existing Shareholding Account of the Member to which the additional shares are to be added, the additional shares will be allocated to a Shareholding Account of the Member which does not participate in the DRP and the additional shares will be Non-participating Shares.

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## 12 Suspension, Variation or Termination

- 12.1 The Directors may suspend or terminate the DRP at any time, at the Directors' absolute discretion, including, but without limiting the generality of the foregoing, at any time when the Directors consider that the continued operation of the DRP would or might be:
- (a) prejudicial to the Company; or
  - (b) inequitable between members (whether in relation to the payment of dividends or otherwise); or
  - (c) otherwise impractical.
- 12.2 A suspension or termination of the DRP will take effect from such date as the Directors may determine and will continue until such time as the Directors resolve either to recommence or to terminate the DRP. If the DRP is recommenced, elections as to participation in respect of

the previously suspended DRP shall be valid and have full force and effect in accordance with these terms and conditions for the purposes of the recommenced DRP.

- 12.3 These terms and conditions may be varied by resolution of the Directors at any time and from time to time at the Directors' absolute discretion. In the case of a variation, each existing Participant will continue under the varied DRP unless the Company is notified to the contrary by the Participant.
- 12.4 Notice of any variation, suspension, or termination made by the Directors will be given by the Company to the Participant in such form and in such manner as the Directors may in their absolute discretion determine and, in particular, without limiting the generality of the foregoing, may be given by advertisement published in any newspaper circulating generally in Australia.
- 12.5 The accidental omission to give notice of variation, suspension or termination to any Participant or the non-receipt of any notice by any Participant will not invalidate the variation, suspension or termination of the DRP.

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### **13 Administration of DRP**

- 13.1 These Rules will be binding upon each person who is or becomes a member of the Company.
- 13.2 The DRP will be administered by the Directors who have the power to:
- (a) determine appropriate procedures for administration and implementation of the DRP consistent with the terms and conditions of the DRP and to settle any difficulty which may arise generally or in a particular case in regard to the DRP as the Directors think expedient and their determination will bind all Members and other persons to whom the determination relates;
  - (b) resolve conclusively all questions of fact or interpretation in connection with the DRP; and
  - (c) delegate to any one or more persons, for such period and on such conditions as they may determine, the exercise of their powers or discretions arising under the DRP but not including any powers under clause 12.
- 13.3 The Company and its officers and employees may not be held responsible or liable for any error or omission which occurs in the administration of the DRP. Neither the Company nor any of its officers and employees will be liable or responsible to any Participant for any loss or alleged loss or disadvantage suffered or incurred by a Participant as a result, directly or indirectly, of the establishment or operation of the DRP or participation in the DRP or in relation to any advice given in respect to participation in the DRP.
- 13.4 Without limiting the ways in which notice may be given, a notice may be given to the Company by lodgement with the Share Register.
- 13.5 The DRP, its operation and these Rules will be governed by the laws of the State of Victoria and each shareholder submits to the jurisdiction of the courts of that State.