



M2 Telecommunications Group Ltd

Dividend Reinvestment Plan

Terms and Conditions

The following are the terms and conditions applicable to the M2 Dividend Reinvestment Plan.

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

In these Terms and Conditions, unless the context indicates a different intention:

Adjusted Market Price means the average (rounded to the nearest cent) of the daily volume weighted average market price per Share sold on the ASX during the five consecutive trading days commencing on the next trading day after the relevant Record Date (or such other period as the Directors determine and announce to the ASX), but excluding any trades the Directors in their absolute discretion consider do not reflect normal supply and demand and less any discount the Directors may determine from time to time and announce to the ASX.

ASX means ASX Limited (ABN 98 008 624 691).

Constitution means the constitution of M2.

Directors means the directors of M2 as defined in, and acting in accordance with, the Constitution.

Dividend Payment Date means the date on which M2 pays a dividend in respect of the Shares.

M2 means M2 Telecommunications Group Ltd (ABN 74 091 575 021).

Participant means a Shareholder participating in the Plan.

Plan means the M2 Dividend Reinvestment Plan the subject of these Terms and Conditions.

Plan Account means an account maintained on behalf of a Participant by M2 for the purpose of carrying forward the residual amount calculated in accordance with clause 6.2(e), the balance of which is to be handled in the manner set out in clause 6.2(c).

Plan Form means the form from time to time by which a Shareholder applies to join the Plan, and also by which a Participant in the Plan applies to vary the level of or withdraw from participation in the Plan.

Record Date means the date on which M2's register of Shareholders is closed in order to determine the entitlement to a dividend.

Shares means fully paid ordinary shares in the capital of M2.

Shareholder means a registered holder of Shares.

Terms and Conditions means these Plan terms and conditions, as modified from time to time.

1.2 Interpretation

In these Terms and Conditions, unless the context indicates a different intention:

- (a) words denoting the singular number include the plural and vice versa;
- (b) words importing any gender include all genders;
- (c) words denoting an individual include a corporation and vice versa;
- (d) headings are for convenience only and do not affect the construction of these Terms and Conditions.

2. THE PLAN

- 2.1 The Plan is a means by which Shareholders may elect to receive Shares instead of cash dividends declared by M2, in respect of all or part of their holdings of Shares.

3. PARTICIPATION IN THE PLAN

3.1 Optional Participation

Participation is optional. Participation is open to all Shareholders, except such Shareholders whose address (as it appears in the relevant M2 register) is a country whose regulations make it impracticable in the opinion of the Directors for the Plan to be offered to them.

3.2 Excluded Shareholders

The Directors have resolved that it is impracticable for participation in the Plan to be offered to Shareholders whose addresses are in countries other than Australia or New Zealand.

4. APPLICATIONS TO PARTICIPATE

4.1 Applying to Participate

Applications to participate in the Plan must be made on the Plan Form signed by the Shareholder and lodged with M2.

4.2 When Plan Form is Effective

Each Plan Form received by M2 is effective for:

- (a) the first dividend payable after receipt of the Plan Form; and
- (b) all subsequent dividends until the earlier of termination of the Participant's participation in the Plan or termination of the Plan,

provided that any Plan Form received by M2 after the Record Date is not effective until the next Record Date.

5. DEGREE OF PARTICIPATION IN THE PLAN

5.1 Full or Partial Participation

- (a) Participation in the Plan in respect of dividends on Shares may be either full or partial.
- (b) Plan Forms in respect of a Shareholder's Shares which are duly signed but which do not indicate the degree of participation selected may be deemed by M2 to be applications for full participation.

5.2 Full Participation

- (a) Full participation results when M2 accepts a Plan Form by a Shareholder for the whole of that Shareholder's Shares from time to time to be subject to the Plan.
- (b) All Shares registered in the Participant's name at the time of commencement of full participation and all Shares subsequently registered in the Participant's name (including Shares allocated under the Plan) will participate in the Plan.
- (c) The provisions of the Plan apply to all cash dividends payable on all the Participant's Shares at the relevant Record Date.

5.3 Partial Participation

- (a) Partial participation results when M2 accepts a Plan Form by a Shareholder for less than all of that Shareholder's Shares from time to time to be subject to the Plan.
- (b) Under partial participation, the provisions of the Plan apply to all cash dividends payable on the relevant number of the Participant's Shares subject to the Plan including any additional Shares allocated to the Participant under the Plan.

- (c) If on the relevant Record Date the number of Shares held by the partial Participant is less than the number selected to participate in the Plan (including any additional Shares allocated to the Participant under the Plan), the provisions of the Plan will, in respect of that dividend, apply only to such lesser number of Shares.

6. OPERATION OF THE PLAN

6.1 Dividends to Acquire Shares

Each cash dividend which is payable in respect of Shares which are the subject of the Plan and which is available for payment to the Participant will upon payment be used to acquire (by issue or transfer) additional Shares.

6.2 Plan Account

M2 will establish and maintain a Plan Account in respect of each Participant. In respect of each cash dividend payable to a Participant, M2 will for and on behalf of that Participant:

- (a) determine the amount of the cash dividend payable in respect of the Shares of that Participant which are subject to the Plan and any withholding tax payable in respect of such dividend;
- (b) credit the amount of the dividend (less withholding tax, if applicable) to the Participant's Plan Account;
- (c) determine the maximum number of Shares at the Adjusted Market Price which could be allocated under the Plan (rounded down to the nearest whole number) using the amount of the dividend and any cash balance then in the Participant's Plan Account;
- (d) either (in the absolute discretion of the Directors):
 - (i) issue that number of additional Shares determined in accordance with clause 6.2 (c) to the Participant and debit the Participant's Plan Account with the Adjusted Market Price for those Shares;
 - (ii) cause that number of Shares determined in accordance with clause 6.2 (c) to be acquired in the market (in the manner the Directors consider appropriate) for transfer to the Participant, and for each Share allocated, debit the Participant's Plan Account with the Adjusted Market Price for those Shares; or
 - (iii) any combination of clauses 6.2(d)(i) and (ii); and
- (e) retain in the Participant's Plan Account any cash balance remaining (without accruing interest).

7. SHARES ALLOCATED UNDER THE PLAN

7.1 Shares under Plan

Shares allocated under the Plan will:

- (a) from the date of registration rank equally in all respect with all other issued Shares; and
- (b) be registered in the Participant's holding and details of the Shares will appear on the Participant's statement provided in accordance with clause 8.1.

7.2 ASX Requirements

- (a) Shares to be allocated under the Plan will be issued or transferred within the time required by the listing requirements of the ASX.
- (b) Application will be made by M2 promptly after an issue of Shares under the Plan for the Shares to be listed for quotation on the official lists of ASX.

8. STATEMENT TO PARTICIPANTS

8.1 Statement Information

M2 will send to each Participant holding Shares which are subject to the Plan a statement as at each Dividend Payment Date, giving details of the Participant's participation in the Plan including:

- (a) the number of the Participant's Shares subject to the Plan as at the Record Date;
- (b) the amount of the dividend payable to the Participant in respect of the Participants participating Shares;
- (c) the number of Shares allocated under the Plan to the Participant on the Dividend Payment Date and the Adjusted Market Price at which those Shares were allocated;
- (d) the residual cash balance carried forward in the Participant's Plan Account (if any) as calculated in clause 6.2(e);
- (e) the Participant's total holding of participating Shares after that allocation; and
- (f) any other information prescribed by law or included at the discretion of the Directors.

9. COST TO PARTICIPANTS

9.1 No Cost to Participant

No brokerage, commissions or other transaction costs are payable by Participants in respect of the application for, and allocation of, Shares under the Plan.

9.2 Taxation

- (a) Participants will be required to pay any income tax or withholding tax payable in respect of the receipt of dividends or in respect of the allocation of Shares under the Plan.

- (b) Neither M2 nor its Directors, officers, employees, representatives or agents accept any responsibility or assume any liability for any taxation liabilities incurred by or imposed upon any Participant as a consequence of participating in the Plan.
- (c) As individual circumstances and laws vary considerably, specific taxation advice from professional advisers should be obtained by a Shareholder prior to participating in the Plan.

10. VARIATION TO OR TERMINATION OF PARTICIPATION

10.1 Notice to Vary or Terminate

- (a) A Participant may at any time lodge with M2 a Plan Form to:
 - (i) vary the Participant's participation in the Plan; or
 - (ii) give notice of termination of the Participant's participation in the Plan.
- (b) Notice of variation or termination of participation will be effective in respect of the first Record Date after the date of receipt by M2 of the Plan Form.

10.2 Death of Participant

If a Participant dies, participation in the Plan by that Participant and any other Participants with whom the deceased was a joint Participant will be terminated upon receipt of notice by M2 of the death of the Participant, but any such termination takes effect only with respect to the first Record Date after receipt of the notice by M2.

10.3 Termination on Transfer of Shares

Where a Participant disposes of all the Participant's Shares without giving M2 notice of termination of participation and is not registered as the holder of Shares at the next Record Date, the Participant will be deemed to have terminated participation on that Record Date.

10.4 Plan Account Balance on Termination

If there is a balance in a Participant's Plan Account at a Record Date and the Participant has terminated or is deemed to have terminated participation in the Plan, the balance in the Participant's Plan Account will be paid to a charity or charities selected by the Directors as soon as practicable after the Participant has terminated participation in the Plan. The Participant will not be entitled to be paid any Plan Account balance upon termination of the Participant's participation in the Plan.

11. NOTICES FROM PARTICIPANTS

11.1 Plan Forms

Plan Forms will be effective on receipt by M2 subject to:

- (a) these Terms and Conditions;
- (b) acceptance by or on behalf of M2;

- (c) receipt by M2 before the relevant Record Date; and
- (d) such other restrictions as the Directors may from time to time impose.

Plan Forms received after a relevant Record Date will be effective in respect of the next relevant Record Date.

11.2 Separate Shareholding Accounts

If a Shareholder is shown in the register as holding more than one parcel of Shares and has been allocated a unique shareholder reference number ('SRN') or holder identification number ('HIN') for each of those holdings, a separate Plan Form is required for each of those holdings.

11.3 Joint Shareholders

Where Shares are held jointly, all joint Shareholders must sign the Plan Form.

12. MODIFICATION, SUSPENSION AND TERMINATION OF THE PLAN

12.1 Modification of the Plan

The Plan may be modified by M2 at any time on giving one month's notice to Shareholders and each agreement between M2 and a Participant under the Plan shall be modified as necessary by such notice.

12.2 Suspension of the Plan

- (a) All or any part of the Plan may be suspended or recommenced from time to time and for such period as the Directors' in their discretion determine by giving one month's notice to Shareholders.
- (b) Any applications for participation in the Plan will automatically be suspended during a suspension of the Plan and reinstated upon reinstatement of the Plan.
- (c) On suspension of the Plan, the Directors' may in their discretion, retain any balances in the Participant's Plan Accounts until the Plan is reinstated, or pay any balance in the Participant's Plan Account to a charity or charities selected by the Directors as soon as practicable after the suspension of the Plan, in which case the Participants will not be entitled to be paid any Plan Account balance.

12.3 Termination of the Plan

The Plan and each agreement between M2 and a Participant under the Plan may be terminated by M2 at any time upon giving one month's notice to Shareholders, in which event M2 will send to the Participants the statements to be sent to Participants upon termination of participation and any balance in the Participant's Plan Account will be paid to a charity or charities selected by the Directors as soon as practicable after termination of the Plan. Participants will not be entitled to be paid any Plan Account balance upon termination of the Plan.

12.4 Waiver of Strict Compliance

M2 reserves the discretion to waive strict compliance with any provisions of these Terms and Conditions.

12.5 Constitution

- (a) The provisions of the Plan will not apply to dividends on Shares which are the subject of the Plan where, by its Constitution or otherwise, M2 is entitled to and does retain or deal with all or part of such dividends.
- (b) Despite anything contained in these Terms and Conditions, neither M2 or the Directors has any obligation to allocate shares to a Participant if to do so would or might (in the opinion of the Directors) result in a breach of the Constitution.

13. M2 NOTICES AND ANNOUNCEMENTS RELATING TO THE PLAN

13.1 Notice and Announcements

- (a) M2 may, in its discretion, give any notice or announcement under this Plan to Shareholders or Participants by means of:
 - (i) notice in writing in accordance with the Constitution; or
 - (ii) an announcement to the ASX.
- (b) Any such notice could relate to the modification of these Terms and Conditions, the modification, suspension or termination of the Plan, any discount or any other matter under these Terms and Conditions.
- (c) Notices by means of an announcement to ASX will be deemed to have been received by all Shareholders on the date the announcement is made.

14. SETTLING DISPUTE

- 14.1** The Directors may settle (in such manner as they think expedient) any difficulties, anomalies or disputes which may arise in connection with, or by reason of, the operation of the Plan, whether generally or in relation to any Shareholder or any Shares. Any determination of the Directors will be conclusive and binding on all Shareholders and other persons to whom the determination relates.

15. GOVERNING LAW

- 15.1** The Plan, these Terms and Conditions and the operation of the Plan will be governed by the laws of the State of Victoria, Australia.