

16 August 2013

ASX MARKET RELEASE

ISSUE, DETERMINATION OF AWARDS AND CANCELLATION OF PERFORMANCE RIGHTS

The Board of Diversa Limited (ASX: DVA) has made some determinations in relation to the Performance Rights Plan currently offered to group employees.

Performance rights form the incentive component of employee's remuneration packages, and are subject to performance hurdles and vesting periods as outlined below. The allocation of performance rights are based on salary level, with allocations for the current year ranging from 0% to 20% of base salary. The Diversa Performance Rights Plan (PRP) is intended to attract, retain and motivate employees to improve Group performance and align the interests of employees with those of the Group and its shareholders. The performance rights are subject to the issue criteria as outlined in addition to the standard terms and conditions applying to the performance rights as set out in the PRP, and the respective letter of offer.

Determination of Awards in respect of the 2013 Financial Year

The Board has determined that the performance targets have been satisfied in relation to 2,456,998 performance rights issued in respect of the 2013 financial year, and these rights are now eligible for vesting to 20 employees as outlined in the table below:

Number of Performance Rights issued	Number awards and eligible for vesting	Performance target composition	Dates of Vesting ¹
4,228,675	nil	Conditional upon meeting various Group targets	n/a
4,315,111	2,456,998	Conditional upon meeting various business unit and personal targets	50% August 2013 25% August 2014 25% August 2015

1. Vesting is subject to the employees remain engaged with the Group at the time of vesting.

As a result, 5,776,496 performance rights issued in respect of the 2013 financial year have now been cancelled as the relevant performance targets were not satisfied. Of the total amount of rights originally issued in respect of the 2013 financial year, 29% are now eligible for vesting.

Vesting of Performance Rights in respect of the 2012 Financial Year

Following the passing of the anniversary date of vesting for the FY2012 performance rights, a further 486,950 rights have now vested and are eligible for exchange into shares.

New Issue of Performance Rights in respect of the 2014 Financial Year

The Board advises that it has made its third offer of performance rights to eligible employees pursuant to the PRP. The offer is for a total of 13,958,677 performance rights in respect of the 2014 financial year at an effective price of \$0.03 per performance right.

Maximum number of Performance Rights ²	Year performance measured against	Performance target composition	Determination of award of Performance Rights (ie number that are available to vest)	Dates of Vesting (out of those that have been determined as available to vest)
8,307,501	FY2014	Conditional upon meeting various Group targets ³ (based on revenue, earnings and share price)	August 2014	50% August 2014 25% August 2015 25% August 2016
5,651,176	FY2014	Conditional upon meeting various business unit and personal targets	August 2014	50% August 2014 25% August 2015 25% August 2016

2. includes 1,000,000 performance rights issued to Mr Stuart Korchinski, managing director, as approved at the 2011 AGM

3. group performance targets were set in August 2013 and are commercially sensitive

An Appendix 3B in relation to the new issue and cancellation is attached.

The current issued capital of Diversa is as follows:

191,456,158	Ordinary shares (DVA)
55,478,254	Convertible Notes (DVAG)
1,116,900	Performance rights in relation to FY2012 (506,950 rights vested)
2,456,998	Performance rights in relation to FY2013 (1,228,499 vested)
13,958,677	Performance rights in relation to FY2014 (nil vested)
4,000,000	Options exercisable at \$0.20 on or before 30 November 2013
2,000,000	Options exercisable at \$0.11 on or before 31 December 2013
7,166,666	Options exercisable at \$0.11 on or before 31 October 2016 (4,999,996 options vested)

For further information please contact:

Angus Craig, Company Secretary, 07 3212 9250 or mail@diversa.com

Rule 2.7, 3.10.3, 3.10.4, 3.10.5

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12

Name of entity

DIVERSA LIMITED

ABN

60 079 201 835

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|--|--|
| 1 | +Class of +securities issued or to be issued | Performance rights |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 13,958,677 rights |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | <p>The performance rights are issued under the Performance Rights Plan (PRP) approved by shareholders at the Company's Annual General Meeting on 23 November 2011.</p> <p>The Performance Rights are subject to the criteria as outlined in the attached announcement in addition to the standard terms and conditions applying to the Performance Rights as set out in the PRP. Subject to satisfying the performance hurdles and vesting criteria, the performance rights are exchangeable into one ordinary share per vested performance right.</p> |

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

4	<p>Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	N/A
5	Issue price or consideration	Nil (effective issue price of \$0.03 per right)
6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	Incentive component of employees remuneration packages in respect of the 2104 financial year, subject to performance hurdles and vesting requirements.
6a	<p>Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h in relation to the +securities the subject of this Appendix 3B, and comply with section 6i</p>	Yes
6b	The date the security holder resolution under rule 7.1A was passed	28 November 2012
6c	Number of +securities issued without security holder approval under rule 7.1	n/a
6d	Number of +securities issued with security holder approval under rule 7.1A	n/a

+ See chapter 19 for defined terms.

6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	n/a
6f	Number of securities issued under an exception in rule 7.2	13,958,677 rights
6g	If securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the issue date and both values. Include the source of the VWAP calculation.	n/a
6h	If securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	n/a
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	Rule 7.1 –24,419,016 Rule 7.1A –18,771,754
7	Dates of entering +securities into uncertificated holdings or despatch of certificates	16 August 2013

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

8	Number and +class of all +securities quoted on ASX (including the securities in section 2 if applicable)	Number	+Class
		191,456,158	Ordinary shares (DVA)
		55,478,254	Convertible Notes (DVAG)
9	Number and +class of all +securities not quoted on ASX (including the securities in section 2 if applicable)	Number	+Class
		4,000,000	Options exercisable at \$0.198 on or before 30/11/2013
		7,166,666	Options exercisable at \$0.108 on or before 31/10/2016
		2,000,000	Options exercisable at \$0.108 on or before 31/12/2013
		1,116,900	Performance rights in respect of FY2012 subject to vesting conditions
		2,456,998	Performance rights in respect of FY2013 subject to performance criteria and vesting conditions
		13,958,677	Performance rights in respect of FY2014 subject to performance criteria and vesting conditions
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	n/a	

Part 2 - Bonus issue or pro rata issue

11	Is security holder approval required?	
12	Is the issue renounceable or non-renounceable?	
13	Ratio in which the +securities will be offered	

+ See chapter 19 for defined terms.

14	+Class of +securities to which the offer relates	
15	+Record date to determine entitlements	
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	
17	Policy for deciding entitlements in relation to fractions	
18	Names of countries in which the entity has +security holders who will not be sent new issue documents <small>Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.</small>	
19	Closing date for receipt of acceptances or renunciations	
20	Names of any underwriters	
21	Amount of any underwriting fee or commission	
22	Names of any brokers to the issue	
23	Fee or commission payable to the broker to the issue	
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders	
25	If the issue is contingent on +security holders' approval, the date of the meeting	

+ See chapter 19 for defined terms.

Appendix 3B

New issue announcement

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|----|---|--|
| 26 | Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled | |
| 27 | If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders | |
| 28 | Date rights trading will begin (if applicable) | |
| 29 | Date rights trading will end (if applicable) | |
| 30 | How do ⁺ security holders sell their entitlements <i>in full</i> through a broker? | |
| 31 | How do ⁺ security holders sell <i>part</i> of their entitlements through a broker and accept for the balance? | |
| 32 | How do ⁺ security holders dispose of their entitlements (except by sale through a broker)? | |
| 33 | ⁺ Despatch date | |

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of securities
(tick one)

(a) ☐ Securities described in Part 1

(b) ☐ All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

⁺ See chapter 19 for defined terms.

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

- 35 ☐ If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders
- 36 ☐ If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
 1 - 1,000
 1,001 - 5,000
 5,001 - 10,000
 10,001 - 100,000
 100,001 and over
- 37 ☐ A copy of any trust deed for the additional +securities

Entities that have ticked box 34(b)

- 38 Number of securities for which +quotation is sought
- 39 Class of +securities for which quotation is sought
- 40 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?
- If the additional securities do not rank equally, please state:
- the date from which they do
 - the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
 - the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment
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+ See chapter 19 for defined terms.

Appendix 3B

New issue announcement

41 Reason for request for quotation now

Example: In the case of restricted securities, end of restriction period

(if issued upon conversion of another security, clearly identify that other security)

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42 Number and ⁺class of all ⁺securities quoted on ASX (including the securities in clause 38)

Number	⁺ Class

Quotation agreement

1 ⁺Quotation of our additional ⁺securities is in ASX's absolute discretion. ASX may quote the ⁺securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the ⁺securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those ⁺securities should not be granted ⁺quotation.
- An offer of the ⁺securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any ⁺securities to be quoted and that no-one has any right to return any ⁺securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the ⁺securities be quoted.
- If we are a trust, we warrant that no person has the right to return the ⁺securities to be quoted under section 1019B of the Corporations Act at the time that we request that the ⁺securities be quoted.

⁺ See chapter 19 for defined terms.

- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- 4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here:Angus Craig..... Date: 16 August 2013
(Company secretary)

Print name: ANGUS CRAIG

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Appendix 3B – Annexure 1

Calculation of placement capacity under rule 7.1 and rule 7.1A for +eligible entities

Introduced 01/08/12

Part 1

Rule 7.1 – Issues exceeding 15% of capital	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
Insert number of fully paid ordinary securities on issue 12 months before date of issue or agreement to issue	79,795,917
Add the following: <ul style="list-style-type: none"> Number of fully paid ordinary securities issued in that 12 month period under an exception in rule 7.2 Number of fully paid ordinary securities issued in that 12 month period with shareholder approval Number of partly paid ordinary securities that became fully paid in that 12 month period Note: <ul style="list-style-type: none"> Include only ordinary securities here – other classes of equity securities cannot be added Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed It may be useful to set out issues of securities on different dates as separate line items 	16,605,226 interest reinvestment plan 1,976,000 shortfall of SPP (shareholder approval November 2012) 1,242 conversion of notes 178,550 exchange of performance rights 759,850 exchange of performance rights 21,424,587 Accelerated Entitlement Offer 9,150,439 Retail Entitlement Offer 31,715,546 Shortfall of Entitlement Offer 2,645,511 Diversa share plan 16,640,169 interest reinvestment plan 6,413,006 Shortfall of Entitlement Offer 411,500 exchange of performance rights
Subtract the number of fully paid ordinary securities cancelled during that 12 month period	Nil
“A”	187,717,543

+ See chapter 19 for defined terms.

Step 2: Calculate 15% of “A”	
“B”	0.15 <i>[Note: this value cannot be changed]</i>
Multiply “A” by 0.15	28,157,631
Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used	
<p>Insert number of equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued:</p> <ul style="list-style-type: none"> Under an exception in rule 7.2 Under rule 7.1A With security holder approval under rule 7.1 or rule 7.4 <p><i>Note:</i></p> <ul style="list-style-type: none"> <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i> <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	<p>1,134,615 – deferred consideration issue October 2012</p> <p>2,604,000 – placement of SPP shortfall December 2012</p>
“C”	3,738,615
Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1	
<p>“A” x 0.15</p> <p><i>Note: number must be same as shown in Step 2</i></p>	28,157,631
<p>Subtract “C”</p> <p><i>Note: number must be same as shown in Step 3</i></p>	3,738,615
Total [“A” x 0.15] – “C”	<p>24,419,016</p> <p><i>[Note: this is the remaining placement capacity under rule 7.1]</i></p>

+ See chapter 19 for defined terms.

Part 2

Rule 7.1A – Additional placement capacity for eligible entities	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
“A” <i>Note: number must be same as shown in Step 1 of Part 1</i>	187,717,543
Step 2: Calculate 10% of “A”	
“D”	0.10 <i>Note: this value cannot be changed</i>
Multiply “A” by 0.10	18,771,754
Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used	
Insert number of equity securities issued or agreed to be issued in that 12 month period under rule 7.1A Notes: <ul style="list-style-type: none"> • <i>This applies to equity securities – not just ordinary securities</i> • <i>Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	nil
“E”	nil

+ See chapter 19 for defined terms.

Step 4: Subtract “E” from [“A” x “D”] to calculate remaining placement capacity under rule 7.1A	
“A” x 0.10 <i>Note: number must be same as shown in Step 2</i>	18,771,754
Subtract “E” <i>Note: number must be same as shown in Step 3</i>	Nil
Total [“A” x 0.10] – “E”	18,771,754 <i>Note: this is the remaining placement capacity under rule 7.1A</i>

+ See chapter 19 for defined terms.