

30 July 2014

ASX MARKET RELEASE

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. The allocation of performance rights are based on salary level, with allocations for the prior 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 2014 Financial Year

The Board has determined that the performance targets have been satisfied in relation to 4,445,878 performance rights issued in respect of the 2014 financial year, and these rights are now eligible for vesting to 15 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
8,307,501	nil	Conditional upon meeting various Group targets	n/a
5,651,176	4,445,878	Conditional upon meeting various business unit and personal targets	50% July 2014 25% July 2015 25% July 2016

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

As a result, 8,309,062 performance rights issued in respect of the 2014 financial year have now been cancelled as the relevant performance targets were not satisfied, in addition to 1,203,737 rights already cancelled. Of the total amount of rights originally issued in respect of the 2014 financial year, 32% are now eligible for vesting, and 50% of this number have now vested and are eligible for exchange into shares.

Vesting of Performance Rights in respect of the 2013 Financial Year

Following the passing of the anniversary date of vesting for the FY2013 performance rights, a further 581,806 rights have now vested and are eligible for exchange into shares. 63,098 rights have not satisfied the vesting criteria and have been cancelled.

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 489,000 rights have now vested and are eligible for exchange into shares. 40,000 rights have not satisfied the vesting criteria and have been cancelled.

New Issue of Performance Rights in respect of the 2015 Financial Year

The Board advises that it has deferred consideration of the allocation of performance rights in respect of the 2015 financial year pending completion of the recently announced acquisitions. It is currently expected that allocations will be made during the financial year on a similar basis to prior periods, which may result in the issue of up to approximately 15 million performance rights which will be issued subject to group, business unit and personal performance targets to be determined.

Issue of Shares on Exchange of Performance Rights

As a result of the vesting of rights noted above, a total of 3,293,745 new ordinary shares have been issued on exchange of vested performance rights.

An Appendix 3B in relation to these matters is attached.

The current issued capital of Diversa is as follows:

571,374,916	Ordinary shares (DVA)
520,308	Performance rights in relation to FY2013 (nil vested)
2,222,939	Performance rights in relation to FY2014 (nil vested)
7,166,666	Options exercisable at \$0.11 on or before 31 October 2016 (all 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 | Ordinary shares |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 3,293,745 |
| 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) | Same as existing ordinary shares. |

+ 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 	yes
5	Issue price or consideration	\$0.03 per share
6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	Shares issued on exchange of performance rights which have met performance targets and vesting criteria.
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 2013
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	3,293,745
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 – 653,222 Rule 7.1A – 435,481
7	Dates of entering +securities into uncertificated holdings or despatch of certificates	30 July 2014

+ 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
		571,374,916	Ordinary shares (DVA)
9	Number and +class of all +securities not quoted on ASX (including the securities in section 2 if applicable)	Number	+Class
		7,166,666	Options exercisable at \$0.108 on or before 31/10/2016
		520,308	Performance rights in respect of FY2013 subject to performance criteria and vesting conditions
		2,222,939	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	
14	+Class of +securities to which the offer relates	
15	+Record date to determine entitlements	

+ See chapter 19 for defined terms.

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.</small> <small>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	
26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	

+ See chapter 19 for defined terms.

Appendix 3B

New issue announcement

- | | | |
|----|---|--|
| 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
-

+ 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)

--

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: 30 July 2014
(Company secretary)

Print name: ANGUS CRAIG

=====

+ See chapter 19 for defined terms.

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	191,456,158
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 	12,247,054 Interest reinvestment plan 1,303,705 Diversa Share Plan 1,692,150 exchange of performance rights 203,605,275 conversion of notes 30,633,334 placement (approved 28 November 2013) 11,033,334 placement (approved 28 November 2013) 861,741 Diversa Share Plan 783,333 Diversa Share Plan 1,061,067 Diversa Share Plan 3,293,745 exchange of performance rights (this Appendix 3B)
Subtract the number of fully paid ordinary securities cancelled during that 12 month period	Nil
“A”	457,970,896

+ 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	68,695,634
Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used	
Insert number of equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued: <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 Note: <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> 	885,000 - Deferred consideration issue October 2013 67,157,412 – Placement
“C”	68,042,412
Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1	
“A” x 0.15 <i>Note: number must be same as shown in Step 2</i>	68,695,634
Subtract “C” <i>Note: number must be same as shown in Step 3</i>	68,042,412
Total [“A” x 0.15] – “C”	653,222 <i>[Note: this is the remaining placement capacity under rule 7.1]</i>

+ 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>	457,970,896
Step 2: Calculate 10% of “A”	
“D”	0.10 <i>Note: this value cannot be changed</i>
Multiply “A” by 0.10	45,797,089
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"> • This applies to equity securities – not just ordinary securities • Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed • 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 • It may be useful to set out issues of securities on different dates as separate line items 	45,361,608 – Placement
“E”	45,361,608

+ 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>	45,797,089
Subtract “E” <i>Note: number must be same as shown in Step 3</i>	45,361,608
Total [“A” x 0.10] – “E”	435,481 <i>Note: this is the remaining placement capacity under rule 7.1A</i>

+ See chapter 19 for defined terms.