



Structural Systems

Structural Systems Limited

ABN 57 006 413 574

Lodge your vote:



By Mail:

Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

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Proxy Form

For your vote to be effective it must be received by 10:30am (WST) Monday, 17 November 2014

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

Turn over to complete the form ➔



View your securityholder information, 24 hours a day, 7 days a week:

www.investorcentre.com

- Review your securityholding
- Update your securityholding

Your secure access information is:



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.

Proxy Form

Please mark to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

I/We being a member/s of hereby appoint

the Chairman of the Meeting **OR**

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Structural Systems Limited to be held at Royal Perth Yacht Club, Australia II Drive, Crawley, Western Australia on Wednesday, 19 November 2014 at 10:30am (WST) and at any adjournment or postponement of that Meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Items 1, 4, 5, 6, 7, 8, 9 & 10, (except where I/we have indicated a different voting intention below) even though Items 1, 4, 5, 6, 7, 8, 9 & 10 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Items 1, 4, 5, 6, 7, 8, 9 & 10 by marking the appropriate box in step 2 below.

STEP 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		For	Against	Abstain			For	Against	Abstain
Item 1	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Item 10	Issue of Director Options - Mr Robert Freedman	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 2	Election of Director - Peter Brecht	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Item 11	Adoption of new Constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 3	Election of Director - Michael Atkins	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Item 12	Change of Company name	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 4	Approval of Long Term Incentive Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					
Item 5	Approval of Employee Share Option Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					
Item 6	Issue of Performance Rights to the Managing Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					
Item 7	Issue of Director Options - Mr Peter McMorrow	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					
Item 8	Issue of Director Options - Mr Michael Atkins	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					
Item 9	Issue of Director Options - Mr Peter Brecht	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date / /



Structural Systems

STRUCTURAL SYSTEMS LIMITED

ACN 006 413 574

NOTICE OF ANNUAL GENERAL MEETING

Date of Meeting: Wednesday, 19 November 2014
Time of Meeting: 10:30am (WST)
Place of Meeting: Royal Perth Yacht Club
Australia II Drive, Crawley, Western Australia

This Notice of Meeting and Explanatory Statement should be read in their entirety. If you are in doubt as to how you should vote, you should seek advice from your accountant, solicitor or other professional adviser prior to voting.



STRUCTURAL SYSTEMS LIMITED

ACN 006 413 574

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of Shareholders of Structural Systems Limited ACN 006 413 574 (**Company**) will be held at 10:30am (WST) on Wednesday, 19 November 2014 at the Royal Perth Yacht Club, Australia II Drive, Crawley, Western Australia.

The Explanatory Statement that accompanies and forms part of the Notice of Meeting describes the various matters to be considered at the Annual General Meeting. This also includes a glossary of terms used. Shareholders should read the Explanatory Statement in full before deciding how to vote.

AGENDA

FINANCIAL REPORTS

To receive and consider the Financial Report of the Company and the reports of the Directors and Auditor for the year ended 30 June 2014.

RESOLUTION 1: ADOPTION OF REMUNERATION REPORT

To consider, and if thought fit, to pass as an ordinary resolution:

That the Remuneration Report for the year ended 30 June 2014 be adopted.

Note – The vote on this Resolution is advisory only and does not bind the Directors or the Company.

Voting exclusion:

A vote must not be cast on Resolution 1 (and the Company will disregard any such vote) by, or on behalf of, a member of the Company's Key Management Personnel or their Closely Related Parties, unless the vote is cast by a person as a proxy for a person entitled to vote in accordance with a direction on the Proxy Form or by the Chairman of the Meeting as proxy for a person entitled to vote and the Chairman has received express authority to vote undirected proxies as the Chairman sees fit, even though it is connected directly or indirectly with remuneration of the Company's key management personnel.

RESOLUTION 2: ELECTION OF MR PETER BRECHT AS DIRECTOR

To consider and, if thought fit, to pass as an ordinary resolution:

To elect as Director of the Company, Mr Peter Brecht, who was appointed as a Director of the Company since the last general meeting and, being eligible, offers himself for election.

RESOLUTION 3: ELECTION OF MR MICHAEL ATKINS AS DIRECTOR

To consider and, if thought fit, to pass as an ordinary resolution:

To elect as Director of the Company, Mr Michael Atkins, who was appointed as a Director of the Company since the last general meeting and, being eligible, offers himself for election.

RESOLUTION 4: APPROVAL OF LONG TERM INCENTIVE PLAN

To consider and, if thought fit, to pass as an ordinary resolution:

That, for the purposes of ASX Listing Rule 7.2 (Exception 9) and for all other purposes, approval is given for the Company's Long Term Incentive Plan ("LTIP"), a summary of which is set out in the Explanatory Statement, and the grant of performance rights and issue of Shares on their vesting under the LTIP.

Voting exclusion:

The Company will disregard any vote cast on Resolution 4 by a Director (except a Director who is ineligible to participate in any employee incentive scheme in relation to the Company) or any associate of a Director, unless:

- (a) it is cast by a person as a proxy for a person entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the person chairing the meeting as a proxy for a person entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Further, a member of Key Management Personnel and their Closely Related Parties may not vote (and the Company will disregard any such votes) as a proxy on Resolution 4 if the appointment does not specify how the proxy is to vote, unless the proxy is the Chairman of the Meeting and the appointment expressly authorises the Chairman to exercise the proxy even if Resolution 4 is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

RESOLUTION 5: APPROVAL OF EMPLOYEE SHARE OPTION PLAN

To consider and, if thought fit, to pass as an ordinary resolution:

That, for the purposes of ASX Listing Rule 7.2 (Exception 9) and for all other purposes, approval is given for the Company's Employee Share Option Plan ("Option Plan"), a summary of which is set out in the Explanatory Statement, and the grant of options and issue of Shares on their exercise under the Option Plan.

Voting exclusion:

The Company will disregard any vote cast on Resolution 5 by a Director (except a Director who is ineligible to participate in any employee incentive scheme in relation to the Company) or any associate of a Director, unless:

- (a) it is cast by a person as a proxy for a person entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the person chairing the meeting as a proxy for a person entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Further, a member of Key Management Personnel and their Closely Related Parties may not vote (and the Company will disregard any such votes) as a proxy on Resolution 5 if the appointment does not specify how the proxy is to vote, unless the proxy is the Chairman of the Meeting and the appointment expressly authorises the Chairman to exercise the proxy even if Resolution 5 is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

RESOLUTION 6: ISSUE OF PERFORMANCE RIGHTS TO THE MANAGING DIRECTOR

To consider and, if thought fit, to pass as an ordinary resolution:

That, for the purposes of Listing Rule 10.14 and for all other purposes, Shareholders approve, as further described in the Explanatory Statement, the issue of 750,000 Performance Rights (and the issue of Shares following any vesting of the Performance Rights) in accordance with the LTIP to the Company's Managing Director, Mr David Macgeorge.

Voting exclusion:

The Company will disregard votes cast on Resolution 6 by a Director (except a Director who is not eligible to participate in the LTIP in relation to the Company) or any associate of a Director.

However the Company need not disregard a vote if:

- (a) it is cast by that person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the chairperson of the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Further, a member of the Key Management Personnel and their Closely Related Parties may not vote (and the Company will disregard any such vote) as a proxy on Resolution 6 unless the vote is cast by a person as a proxy for a person entitled to vote in accordance with a direction on the Proxy Form or by the Chairman of the Meeting as proxy for a person entitled to vote and the Chairman has received express authority to vote undirected proxies as the Chairman sees fit, even though it is connected directly or indirectly with remuneration of the Company's Key Management Personnel.

RESOLUTION 7: ISSUE OF DIRECTOR OPTIONS – MR PETER McMORROW

To consider and, if thought fit, to pass as an ordinary resolution:

That for the purposes of Listing Rule 10.11 and section 208 of the Corporations Act and for all other purposes, approval is given to grant and issue 400,000 Director Options (and the issue of Shares following any exercise of the Director Options) to Mr Peter McMorrow or his nominee, on the terms and conditions set out in the Explanatory Statement (including Annexure A to the Explanatory Statement).

Voting exclusion:

The Company will disregard votes cast on Resolution 7 by Mr McMorrow or any of his associates.

However the Company need not disregard a vote if:

- (a) it is cast by that person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the chairperson of the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Further, a member of the Key Management Personnel and their Closely Related Parties may not vote (and the Company will disregard any such vote) as a proxy on Resolution 7 unless the vote is cast by a person as a proxy for a person entitled to vote in accordance with a direction on the Proxy Form or by the Chairman of the Meeting as proxy for a person entitled to vote and the Chairman has received express authority to vote undirected proxies as the Chairman sees fit, even though it is connected directly or indirectly with remuneration of the Company's Key Management Personnel.

RESOLUTION 8: ISSUE OF DIRECTOR OPTIONS – MR MICHAEL ATKINS

To consider and, if thought fit, to pass as an ordinary resolution:

That for the purposes of Listing Rule 10.11 and section 208 of the Corporations Act and for all other purposes, approval is given to grant and issue 200,000 Director Options (and the issue of Shares following any exercise of the Director Options) to Mr Michael Atkins or his nominee, on the terms and conditions set out in the Explanatory Statement (including Annexure A to the Explanatory Statement).

Voting exclusion:

The Company will disregard votes cast on Resolution 8 by Mr Atkins or any of his associates.

However the Company need not disregard a vote if:

- (a) it is cast by that person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the chairperson of the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Further, a member of the Key Management Personnel and their Closely Related Parties may not vote (and the Company will disregard any such vote) as a proxy on Resolution 8 unless the vote is cast by a person as a proxy for a person entitled to vote in accordance with a direction on the Proxy Form or by the Chairman of the Meeting as proxy for a person entitled to vote and the Chairman has received express authority to vote undirected proxies as the Chairman sees fit, even though it is connected directly or indirectly with remuneration of the Company's Key Management Personnel.

RESOLUTION 9: ISSUE OF DIRECTOR OPTIONS – MR PETER BRECHT

To consider and, if thought fit, to pass as an ordinary resolution:

That for the purposes of Listing Rule 10.11 and section 208 of the Corporations Act and for all other purposes, approval is given to grant and issue 200,000 Director Options (and the issue of Shares following any exercise of the Director Options) to Mr Peter Brecht or his nominee, on the terms and conditions set out in the Explanatory Statement (including Annexure A to the Explanatory Statement).

Voting exclusion:

The Company will disregard votes cast on Resolution 9 by Mr Brecht or any of his associates.

However the Company need not disregard a vote if:

- (a) it is cast by that person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the chairperson of the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Further, a member of the Key Management Personnel and their Closely Related Parties may not vote (and the Company will disregard any such vote) as a proxy on Resolution 9 unless the vote is cast by a person as a proxy for a person entitled to vote in accordance with a direction on the Proxy Form or by the Chairman of the Meeting as proxy for a person entitled to vote and the Chairman has received express authority to vote undirected proxies as the Chairman sees fit, even though it is connected directly or indirectly with remuneration of the Company's Key Management Personnel.

RESOLUTION 10: ISSUE OF DIRECTOR OPTIONS – MR ROBERT FREEDMAN

To consider and, if thought fit, to pass as an ordinary resolution:

That for the purposes of Listing Rule 10.11 and section 208 of the Corporations Act and for all other purposes, approval is given to grant and issue 200,000 Director Options (and the issue of Shares following any exercise of the Director Options) to Mr Robert Freedman or his nominee, on the terms and conditions set out in the Explanatory Statement (including Annexure A to the Explanatory Statement).

Voting exclusion:

The Company will disregard votes cast on Resolution 10 by Mr Freedman or any of his associates.

However the Company need not disregard a vote if:

- (a) it is cast by that person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the chairperson of the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Further, a member of the Key Management Personnel and their Closely Related Parties may not vote (and the Company will disregard any such vote) as a proxy on Resolution 10 unless the vote is cast by a person as a proxy for a person entitled to vote in accordance with a direction on the Proxy Form or by the Chairman of the Meeting as proxy for a person entitled to vote and the Chairman has received express authority to vote undirected proxies as the Chairman sees fit, even though it is connected directly or indirectly with remuneration of the Company's Key Management Personnel.

RESOLUTION 11: ADOPTION OF NEW CONSTITUTION

To consider and, if thought fit, to pass as a special resolution:

That the Constitution tabled at the Annual General Meeting and signed by the Chairman of the Meeting for the purpose of identification be approved and adopted as the Constitution of the Company, in place of the current Constitution.

RESOLUTION 12: CHANGE OF COMPANY NAME

To consider and, if thought fit, to pass as a special resolution:

That for the purpose of section 157(1)(a) of the Corporations Act and for all other purposes, the name of the Company be changed from Structural Systems Limited to SRG Limited.

By Order of the Board

Roger Lee
Company Secretary
13 October 2014

IMPORTANT INFORMATION FOR SHAREHOLDERS

Explanatory Statement

The accompanying Explanatory Statement forms part of this Notice of Meeting and should be read in conjunction with it. The glossary at the end of the Explanatory Statement contains definitions of capitalised terms used in this Notice of Meeting and the Explanatory Statement.

Required majorities

Resolutions 1 to 10 are ordinary resolutions. An ordinary resolution requires a simple majority of votes cast by Shareholders present (in person, by proxy or representative) and entitled to vote on the resolution.

Resolutions 11 and 12 are special resolutions. A special resolution requires a 75% majority of votes cast by Shareholders present (in person, by proxy or representative) and entitled to vote on the resolution.

Proxies

All Shareholders who are entitled to attend and vote at the meeting have the right to appoint a proxy to attend and vote for them. The proxy does not have to be a Shareholder. Shareholders holding two or more shares can appoint either one or two proxies. If two proxies are appointed, the appointing Shareholder can specify what proportion of their votes they want each proxy to exercise.

To vote by proxy, please complete and return the proxy form enclosed with this Notice of Meeting as soon as possible. To be effective, a completed proxy form must be received by **no later than 10.30am (WST) on Monday, 17 November 2014**, being not less than 48 hours prior to the commencement of the meeting.

Details for sending your proxy form are as follows.

Address: Computershare Investor Services Pty Limited, GPO Box 242, Melbourne, Victoria 3001

Facsimile: Australia: 1800 783 447 / International: +61 3 9473 2555

Where the proxy form is executed under power of attorney, the power of attorney must be lodged in the same way as the proxy form.

Corporate representatives

A body corporate may appoint an individual as its representative to attend and vote at the meeting and exercise any other powers the body corporate can exercise at the meeting. The appointment may be a standing one. The representative should bring to the meeting evidence of his or her appointment, including any authority under which the appointment is signed, unless it has previously been given to the Company. An appointment form is included with the meeting materials.

Voting entitlements

The Board has determined that, for the purpose of voting at the meeting, Shareholders are those persons who are the registered holders of the Company's shares at 4.00pm (WST) on Monday, 17 November 2014.

Further information

If you need any further information about this Notice of Meeting or attendance at the Annual General Meeting please contact the Company Secretary on 08 9472 2100.

STRUCTURAL SYSTEMS LIMITED

ACN 006 413 574

EXPLANATORY STATEMENT TO SHAREHOLDERS

INTRODUCTION

This Explanatory Statement has been prepared for the information of Shareholders in connection with the business to be transacted at the Annual General Meeting of the Company to be held at 10.30am (WST) on Wednesday, 19 November 2014. The Explanatory Statement should be read in conjunction with the accompanying Notice of Meeting.

The Chairman of the Meeting intends to vote all undirected proxies in favour of each Resolution.

FINANCIAL REPORTS

The Corporations Act requires the Company to lay before the Annual General Meeting the Financial report, the Directors' report (including the remuneration report) and the Auditor's report for the last financial year that ended before the Annual General Meeting.

No resolution is required for this item, but Shareholders will be provided with a reasonable opportunity to ask questions or make comments in relation to these reports. The Company's auditor will also be present at the meeting and Shareholders will be given the opportunity to ask the auditor questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies adopted by the Company and the independence of the auditor.

RESOLUTION 1: ADOPTION OF REMUNERATION REPORT

A resolution for adoption of the Remuneration Report is required to be considered and voted on in accordance with the Corporations Act. The Remuneration Report details the Company's policy on the remuneration of non-executive Directors, the Managing Director and senior executives and is set out in the Company's Annual Report. The vote on the adoption of the Remuneration Report resolution is advisory only and does not bind the Directors or the Company. However, the Board will take the outcome of the vote into consideration when reviewing the remuneration practices and policies of the Company.

Shareholders will be provided with a reasonable opportunity to ask questions and make comments on the Remuneration Report at the Annual General Meeting.

The Directors recommend that Shareholders vote in favour of Resolution 1.

RESOLUTION 2: ELECTION OF PETER BRECHT AS DIRECTOR

Peter Brecht was appointed as a Director by the Board on 4 September 2014.

Mr Brecht was previously the Managing Director - Construction Australia for Lend Lease, CEO of Bilfinger Berger Australia and the Managing Director of Abigroup. Mr Brecht has more than 35 years' experience in the construction industry with a proven track record in delivery of complex infrastructure projects. He was the President of the Australian Constructors Association and was a Board Member on Advisory Boards for Engineering and Built Environs at Newcastle University and the School of Business at QUT.

Mr Brecht continues to be involved in the Industry and is a Board Member on the West Connex Delivery Authority for the NSW Government and the Board of Fulton Hogan Ltd. He has been a Member of the Australian Institute of Company Directors since 2000.

In accordance with Rule 6.2(c) of the Company's Constitution, the Board can appoint a person to be a Director, either to fill a casual vacancy or in addition to the existing Directors. However, any Director so appointed by the Board holds office until the next general meeting of the Company. Accordingly, Mr Brecht is required to retire at the Annual General Meeting, and being eligible, offers himself for election as a Director.

The Directors (excluding Mr Brecht) recommend that Shareholders vote in favour of Resolution 2.

RESOLUTION 3: ELECTION OF MICHAEL ATKINS AS DIRECTOR

Michael Atkins was appointed as a Director by the Board on 9 September 2014.

Michael Atkins is a Fellow of the Australian Institute of Company Directors. He was a founding partner of a national Australian Chartered Accounting practice from 1979 to 1987 and was a Fellow of the Institute of Chartered Accountants in Australia until resigning in June 2011. Between 1987 and 1998 he was a director of, and involved in the executive management of, several publicly listed resource companies with operations in Australia, USA, South East Asia and Africa. From 1990 to 1995 he was Managing Director and later a non-executive director of Claremont Petroleum NL and Beach Petroleum NL during their reconstruction period, and then remained as a Non-Executive Director until 1995. He was founding Executive Chairman of Botswana gold developer, Gallery Gold Ltd, from 1993 until 1998, and remained a Non-Executive Director until 2000. Since February 2009 Mr Atkins has been a Director - Corporate Finance at Patersons Securities Limited where he advises on the formation of, and capital raising for, emerging companies in the Australian resources sector. He is currently non-executive Chairman of Australian listed companies Legend Mining Ltd and Azumah Resources Ltd, and a director of Perth Theatre Company.

In accordance with Rule 6.2(c) of the Company's Constitution, the Board can appoint a person to be a Director, either to fill a casual vacancy or in addition to the existing Directors. However, any Director so appointed by the Board holds office until the next general meeting of the Company. Accordingly, Mr Atkins is required to retire at the Annual General Meeting, and being eligible, offers himself for election as a Director.

The Directors (excluding Mr Atkins) recommend that Shareholders vote in favour of Resolution 3.

RESOLUTION 4: APPROVAL OF LONG TERM INCENTIVE PLAN

Background

Resolution 4 seeks the approval of Shareholders for the Company's Long Term Incentive Plan ("LTIP") and for the issue of Performance Rights (and Shares on their vesting) under the Plan.

The LTIP enables the Company to grant long term incentives in the form of Performance Rights to Company employees, including the Managing Director and any executive Director. Non-Executive Directors are not able to participate under the LTIP.

The Board believes that the Company will benefit from the flexibility of having an equity based plan allowing the Board to grant Performance Rights which will only vest on the satisfaction of appropriate performance conditions set by the Board. The Board believes that grants of Performance Rights made to eligible participants under the Plan will provide a powerful tool to underpin the Group's employment strategy, and that the implementation of the LTIP will:

- (a) recognise the ability and efforts of employees who have contributed to the success of the Company;
- (b) provide incentives to employees to achieve the long terms objectives of the Company and to improve the performance of the Company;
- (c) attract staff of experience and ability to work for the Company; and
- (d) foster and promote loyalty between employees and the Company.

ASX Listing Rule 7.1 provides that a listed company may not issue equity securities equal to more than 15% of that company's issued share capital in any 12 months without obtaining shareholders' approval. An exception to ASX Listing Rule 7.1 is set out in ASX Listing Rule 7.2 (Exception 9) which provides that issues under an employee incentive plan are exempt for a period of 3 years from the date on which Shareholders approve the issue of securities under the plan as an exception to ASX Listing Rule 7.1.

Performance rights issued under the LTIP

No Performance Rights have yet been issued under the LTIP. Approval is being sought under Resolution 6 for the issue of 750,000 Performance Rights to the Company's Managing Director.

LTIP summary

For the purposes of ASX Listing Rule 7.2 (Exception 9) a summary of the terms and conditions of the LTIP is set out below.

- (a) **Eligible Participants:** The eligible participants under the LTIP are full time employees and permanent part-time employees, the Managing Director and executive Directors of the Company and its subsidiaries. Non-Executive Directors are not able to participate under the LTIP. Shareholder approval is required before any Director or related party of the Company can participate in the LTIP.
- (b) **Limits on Entitlements:** The maximum number of Shares that is issuable under the LTIP (following the vesting of Performance Rights), when combined with the number of Shares issued during the previous five years pursuant to the LTIP or any other employee incentive scheme of the Company but disregarding any offer made, or Performance Rights acquired or Shares issued by way of or as a result of:
- (i) an offer to a person situated at the time of receipt of the offer outside Australia; or
 - (ii) an offer that did not need disclosure to investors because of section 708 of the Corporations Act; or
 - (iii) an offer made under a disclosure document,
- must not exceed 5% of the total number of issued Shares.
- (c) **Individual Limits:** The LTIP does not set out a maximum number of Shares (following the vesting of Performance Rights) that may be made issuable to any one person or company.
- (d) **Consideration Payable:** Performance Rights will be granted for no consideration. Upon Performance Rights vesting under the LTIP, Shares may be issued for no monetary consideration, or the Board may, at the time of grant, in its discretion, specify an amount payable for the issuance of Shares as a performance condition attached to a Performance Right.
- (e) **Vesting:** The Performance Rights granted under the LTIP and the performance conditions that must be satisfied in order for the Performance Rights to vest, will be determined by the Board and expressed in a written invitation ("Invitation") made by the Company to the eligible participant which is subject to acceptance by the eligible participant within a specified period. The performance conditions may include one or more of:
- (i) employment of a minimum period of time;
 - (ii) achievement of specific performance objectives by the participant and/or by the Company;
 - (iii) earnings per share or total shareholder return targets;
 - (iv) payment of consideration for the issuance of Shares, as described above; or
 - (v) such other performance objectives as the Board may determine and set out in the Invitation.
- The Board will determine whether performance conditions have been met and Performance Rights therefore have vested. Upon Performance Rights becoming vested, the Company shall issue Shares to the eligible participant without further action being required on the part of the participant.
- (f) **Term and Lapse:** Performance Rights have a term as the Board may determine in its absolute discretion and specify in the Invitation and are subject to lapsing if performance conditions are not met by the relevant measurement date or expiry date (if no other measurement date is specified) or if employment is terminated for cause or in circumstances other than as described in paragraph (h) below.

- (g) **Restriction on dealing with Shares:** Shares issued to a participant under the LTIP must be held by the participant subject to transfer, dealing or disposal restrictions during the period determined by the Board. The Company may make such arrangements as it considers necessary to enforce any restriction on dealing with Shares, including placing the shares in a holding lock. A participant may submit a request for the Board to waive the Restriction Period and the Board may approve or reject such request in its absolute discretion or on such conditions as the Board determines.
- (h) **Disability, Redundancy or Death:** Under the LTIP, upon the total and permanent disability, redundancy or death of a participant, as defined in the LTIP, performance conditions will be deemed to have been satisfied or waived and an eligible participant will be entitled to receive Shares in respect of any unexercised Performance Rights within:
- (i) 6 months from the date of disability, redundancy or death; or
 - (ii) such longer period as the Board may determine not being longer than the original expiry time of the Performance Rights.
- Performance Rights which have not vested within the 6 months or such longer period determined by the Board following the total and permanent disability, redundancy or death of a participant, will automatically lapse.
- (i) **Forfeiture:** If a participant acts fraudulently or dishonestly, is in breach of his or her obligations to the Company or ceases to be employed by the Company for any reason other than disability, redundancy or death, the Board will have the discretion to deem any Performance Rights to have lapsed and deem any Performance Rights that have become Shares to be forfeited.
- (j) **Assignment:** Without approval of the Board, Performance Rights may not be transferred, assigned or novated, except, upon death, a participant's legal personal representative may elect to be registered as the new holder of such Performance Rights and exercise any rights in respect of them.
- (k) **Change of Control:** The Board may in its discretion determine that all, or a portion of, the unvested Performance Rights will vest in the event of:
- (i) a takeover bid (as defined in the Corporations Act) becoming or being declared to be unconditional;
 - (ii) a change of control of the Company; or
 - (iii) approval by the court of a merger by way of scheme of arrangement.
- (l) **Alteration in Share Capital:** If there is a reorganisation of the share capital of the Company, the number of Shares, to which an eligible participant is entitled to receive upon exercise of a Performance Right will be adjusted in the way specified by the Listing Rules from time to time.
- (m) **No Participation Rights:** There are no participation rights or entitlements inherent in the Performance Rights and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Performance Rights.
- (n) **Clawback:** If, following the grant of a Performance Right, the Board has reasonable grounds to believe that a participant committed a material misstatement or omission in connection with any financial statement of the Company, or performed any other serious misconduct, the Company may cancel the Performance Right, if the Performance Right has not vested; or if the Performance Right has vested but the corresponding Share has not yet been issued, cancel the Performance Right. If the Share has been issued on vesting of the Performance Right, the Board can order the participant to repay an amount to the Company equivalent to the then value of the Share as determined on the ASX or alter the Participant's remuneration to allow the Company to recover that amount.
- (o) **Amendments to LTIP:** The Board may at any time and from time to time by resolution alter the LTIP. However, any amendment to the LTIP is subject to any restrictions or procedural requirements relating to the amendment or the rules of an employee incentive scheme imposed by the Listing Rules or applicable securities laws.

- (p) **Suspension or Termination:** The Board may suspend or terminate the LTIP at any time, without notice, but the suspension or termination will not affect any existing grants of Performance Rights already made.

The Directors recommend that Shareholders vote in favour of Resolution 4.

RESOLUTION 5: APPROVAL OF EMPLOYEE OPTION PLAN

Background

Resolution 5 seeks the approval of Shareholders for the Company's Employee Share Option Plan ("**Option Plan**") and for the issue of Options (and Shares on their exercise) under the Option Plan. The Company previously had in place an employee option plan which has been terminated owing to it being outdated from a regulatory perspective.

The Plan enables the Company to grant long term incentives in the form of Options to Company employees, including the Managing Director and any executive Director. Non-Executive Directors are not able to participate under the Option Plan. The Board believes that grants of Options made to eligible participants under the Plan will provide a powerful tool to underpin the Group's employment strategy, and that the implementation of the Plan will:

- (a) recognise the ability and efforts of employees who have contributed to the success of the Company;
- (b) provide incentives to employees to achieve the long terms objectives of the Company and to improve the performance of the Company;
- (c) attract staff of experience and ability to work for the Company; and
- (d) foster and promote loyalty between employees and the Company.

ASX Listing Rule 7.1 provides that a listed company may not issue equity securities equal to more than 15% of that company's issued share capital in any 12 months without obtaining shareholders' approval. An exception to ASX Listing Rule 7.1 is set out in ASX Listing Rule 7.2 (Exception 9) which provides that issues under an employee incentive plan are exempt for a period of 3 years from the date on which Shareholders approve the issue of securities under the plan as an exception to ASX Listing Rule 7.1.

Options issued under the Option Plan

No Options have been issued under the Option Plan. However, Mr Macgeorge was issued with 500,000 Options, the approval of which was obtained from Shareholders at a general meeting held on 30 June 2014. This issue was not made under the Option Plan.

Option Plan summary

For the purposes of ASX Listing Rule 7.2 (Exception 9) a summary of the terms and conditions of the Option Plan is set out below.

- (a) **Eligible Participants:** The eligible participants under the Option Plan are full time employees and part-time employees, the Managing Director and executive Directors of the Company. Non-Executive Directors are not able to participate under the Option Plan. Shareholder approval is required before any Director or related party of the Company can participate in the Option Plan.
- (b) **Limits on Entitlements:** The maximum number of Shares (following the exercise of the Options) that is issuable under the Option Plan, when combined with the number of Shares issued during the previous five years pursuant to the Option Plan or any other employee incentive scheme of the Company but disregarding any offer made, or Options acquired or Shares issued by way of or as a result of:
 - (i) an offer to a person situated at the time of receipt of the offer outside Australia; or
 - (ii) an offer that did not need disclosure to investors because of section 708 of the Corporations Act; or
 - (iii) an offer made under a disclosure document,must not exceed 5% of the total number of issued Shares.

- (c) **Individual Limits:** The Option Plan does not set out a maximum number of Options that may be issued to any one person or company.
- (d) **Consideration Payable:** Options will be granted for no consideration. The Option exercise price (as determined by the Board at the time of issue of the Options) is payable by the participant on exercise of the Options.
- (e) **Vesting:** The Options granted under the Option Plan will vest on the date 2 years after their grant (unless otherwise determined by the Board) and will be subject to any performance conditions specified by the Board. The Board will determine whether performance conditions have been met and Options therefore have vested. Upon Options vesting and being exercised under the Option Plan, Shares will be issued to the holder once the Company receives a notice of exercise of the Options and a cheque for payment of the Option exercise price.
- (f) **Term and Lapse:** Options lapse if:
 - (i) the vesting conditions are not satisfied by the vesting date (being 2 years after the date of issue of the Options or such other period determined by the Board);
 - (ii) where the vesting conditions are satisfied by the vesting date, the vested options are not exercised by the expiry date (being 3 years after the date of issue of the Options or such other period determined by the Board);
 - (iii) where the Board determines that the Options should lapse because the participant is dismissed for a reason which entitles the participant to be dismissed without notice, the participant commits an act of fraud or gross misconduct, or the participant has done an act which brings the Company into disrepute; or
 - (iv) the participant's employment ceases in circumstances other than redundancy, disability or death, and the Options are not exercised within the period specified by the Board (being not more than 6 months) after the date of cessation of employment.
- (g) **Restriction on dealing with Shares:** Shares issued to a participant under the Option Plan will not be subject to transfer, dealing or disposal restrictions (other than under the Company's share trading policy) unless otherwise determined by the Board.
- (h) **Disability, Redundancy or Death:** Under the Option Plan, upon the total and permanent disability, redundancy or death of a participant:
 - (i) the vesting date for the participant's Options will be brought forward to the date of the occurrence of that event;
 - (ii) the Board may, in its discretion, waive the vesting conditions for those Options; and
 - (iii) the expiry date for those Options will be 12 months after the occurrence of the relevant event.
- (i) **Assignment:** Without approval of the Board, Options may not be transferred, assigned or novated except, upon death, a participant's legal personal representative may elect to be registered as the new holder of such Options and exercise any rights in respect of them.
- (j) **Change of Control:** The Board may in its discretion determine that all or a portion of the unvested Options will vest in the event of:
 - (i) a takeover bid (as defined in the Corporations Act) becoming or being declared to be unconditional;
 - (ii) a change of control of the Company; or
 - (iii) approval by the court of a merger by way of scheme of arrangement.
- (k) **Alteration in Share Capital:** If there is a reorganisation of the share capital of the Company, the number of Shares to which an eligible participant is entitled to receive upon exercise of an Option will be adjusted in the way specified by the Listing Rules from time to time.

- (l) **No Participation Rights:** There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options.
- (m) **Clawback:** If, following the grant of an Option, the Board has reasonable grounds to believe that a participant committed a material misstatement or omission in connection with any financial statement of the Company, or performed any other serious misconduct, the Company may cancel the Option, if the Option has not vested; or if the Option has vested but the corresponding Share has not yet been issued, cancel the Option. If the Share has been issued on vesting of the Option, the Board can order the participant to repay an amount to the Company equivalent to the then value of the Share as determined on the ASX or alter the participant's remuneration to allow the Company to recover that amount.
- (n) **Amendments to Option Plan:** The Board may at any time and from time to time by resolution alter the Option Plan. However, any amendment to the Option Plan is subject to any restrictions or procedural requirements relating to the amendment or the rules of an employee incentive scheme imposed by the Listing Rules or applicable securities laws.
- (o) **Suspension or Termination:** The Board may suspend or terminate the Option Plan at any time, without notice, but the suspension or termination will not affect any existing grants of Options already made.

The Directors recommend that Shareholders vote in favour of Resolution 5.

RESOLUTION 6: ISSUE OF PERFORMANCE RIGHTS TO THE MANAGING DIRECTOR

Background

Resolution 6 seeks Shareholder approval for the grant of Performance Rights to Mr David Macgeorge, the Managing Director of the Company, under the Company's Long Term Incentive Plan (**LTIP**). Shareholder approval for the LTIP is sought under Resolution 4.

Mr Macgeorge was appointed as an Executive Director of the Company on 12 May 2014 and assumed the role of Managing Director Company on 31 May 2014. Under his employment agreement with the Company, Mr Macgeorge is currently entitled to receive a base salary, inclusive of superannuation of \$585,000. In addition, Mr Macgeorge is also entitled to a variable short term incentive cash bonus of up to 80% of his base salary (depending on the achievement of certain short term objectives, including financial performance and workplace safety results) and a long term incentive in the form of Performance Rights with respect to the Company's performance over the periods ending 30 June 2016, 30 June 2017 and 30 June 2018 respectively. The long term incentive comprises a key component of Mr Macgeorge's remuneration package.

Mr Macgeorge was also issued with 500,000 Options, the approval of which was obtained from Shareholders at a general meeting held on 30 June 2014.

The Company's executive remuneration structure is set out in more detail in the Remuneration Report in the 2014 Annual Report.

In accordance with the LTIP (and as set out below), Shareholder approval is being sought to issue to Mr Macgeorge 750,000 Performance Rights as follows:

- (a) 250,000 Performance Rights, for the performance period between 1 July 2015 and 30 June 2016 (**2016 Performance Rights**);
- (b) 250,000 Performance Rights, for the performance period between 1 July 2016 and 30 June 2017 (**2017 Performance Rights**); and
- (c) 250,000 Performance Rights, for the performance period 1 July 2017 and 30 June 2018 (**2018 Performance Rights**).

These Performance Rights are subject to specific performance conditions (as set out below) and will not vest into Shares until such time as the respective performance conditions are met.

The Non-Executive Directors believe that it is appropriate to provide Mr Macgeorge with a long term incentive element in his remuneration package. The Non-Executive Directors also believe that Performance Rights are the best means to remunerate senior executives who are tasked with achieving certain specific strategic outcomes. The grant of Performance Rights is intended to align Mr Macgeorge's performance with successful Company outcomes for the benefit of Shareholders and also to provide him with an incentive to remain in the Company. While a portion of the Performance Rights will be capable of vesting from the end of the 2016 financial year (subject to the satisfaction of performance conditions), the Non-Executive Directors are of the view that they constitute an appropriate long term incentive for a newly appointed Managing Director.

The Non-Executive Directors believe that the remuneration for Mr Macgeorge, including the proposed grant of the 750,000 Performance Rights, is reasonable having regard to the circumstances of the Company, the duties and responsibilities of the Managing Director and market levels of remuneration for managing directors of similar companies.

LTIP summary

The main features of the LTIP are summarised in the explanatory notes to Resolution 4 above.

Performance Conditions

Subject to Shareholder approval, the Performance Rights to be issued will not vest (and the underlying Shares will not be issued) unless certain performance conditions have been satisfied. The grant of Performance Rights is designed to reward long term sustainable business performance which is aligned to the long term strategic objectives of the Company.

It is proposed that Mr Macgeorge's performance conditions will be performance tested against earnings per share (**EPS**) outcomes over consecutive one year periods commencing from 1 July 2015.

Earnings Per Share

The Company's EPS performance will be measured over the relevant performance periods (as set out above). EPS measures the portion of a company's profit allocated to each outstanding ordinary share and serves as an indicator of a company's profitability. The EPS will be determined on an underlying earnings per share basis and will exclude any contingent and other liabilities disclosed in the Company's 2014 Annual Report.

A threshold EPS target and a stretch EPS target will be used to determine the vesting of the Mr Macgeorge's Performance Rights. If the threshold EPS Target for the relevant Performance Period is not met, no Performance Rights will vest.

The threshold target for the 2016 Performance Rights is an EPS of 6.56 cents per Share. This is the 3 year average baseline EPS calculated for the 2012, 2013 and 2014 financial years. The stretch target (at which 100% of the Performance Rights will vest) is a 50% uplift on the threshold target, being an EPS of 9.84 cents per Share. The 2016 Performance Rights will only commence vesting (at a 50% vesting rate) if there is a 25% uplift of the threshold target, being an EPS of 8.20 cents per Share.

The stretch targets for the 2017 and 2018 Performance Rights is based on a 25% uplift of the threshold target of the preceding year.

The Performance Rights will vest as set out in the following table.

EPS performance over relevant Performance Period			Performance Rights vesting
2016 Performance Rights	2017 Performance Rights	2018 Performance Rights	
Between 6.56 cents (threshold target) and 8.19 cents per Share	Between 9.84 cents (threshold target) and 11.06 cents per Share	Between 12.30 cents (threshold target) and 13.83 cents per Share	0% vesting
Between 8.20 cents and 9.84 cents (stretch target) per Share	Between 11.07 cents and 12.30 cents (stretch target) per Share	Between 13.84 cents and 15.38 cents (stretch target) per Share	Pro-rata vesting between 50% and 100%.
9.85 cents or higher	12.31 cents or higher	15.39 cents or higher	100%

Regulatory information

Related party transaction

The grant of the performance rights to Mr Macgeorge, as a Director of the Company, is a financial benefit for the purposes of the related party provisions in Chapter 2E of the Corporations Act. However, the Non-Executive Directors have determined that the remuneration package for Mr Macgeorge, including the grant of the Performance Rights, is reasonable having regard to the circumstances of the Company and Mr Macgeorge (including the responsibilities involved in his office). Accordingly, and in reliance on this statutory exception to the related party requirements, Shareholder approval under Chapter 2E of the Corporations Act is not being sought in this case.

Listing Rules

In accordance with ASX Listing Rule 10.14, the acquisition of securities by a Director under an employee incentive scheme requires shareholder approval. The following information is provided for the purposes of Listing Rule 10.15.

- (a) The maximum number of Performance Rights that can be acquired by Mr Macgeorge is 750,000 Performance Rights, being:
- 250,000, 2016 Performance Rights;
 - 250,000, 2017 Performance Rights; and
 - 250,000, 2018 Performance Rights.
- (b) The price payable on the exercise of each Performance Right is nil.
- (c) The issue price of each Performance Right is nil.
- (d) No Performance Rights have previously been issued under the LTIP to Mr Macgeorge or any of the Directors.
- (e) The Company's Managing Director is the sole person referred to in ASX Listing Rule 10.14 who is currently entitled to participate in the LTIP. Mr Macgeorge is the Managing Director of the Company.
- (f) There is no loan proposed in relation to the proposed acquisition of the Performance Rights by Mr Macgeorge.
- (g) The Performance Rights will be issued as soon as practicable following the date of the Meeting, and in any event, no later than 12 months after the date of the Meeting.

The Directors (other than Mr Macgeorge) recommend that Shareholders vote in favour of Resolution 6.

RESOLUTIONS 7 to 10: ISSUE OF DIRECTOR OPTIONS

The Board has recently undergone considerable change, with the appointment of a new Chairman and the addition of two new Non-Executive Directors. Notwithstanding this change, there has been no change to the base directors' fees and committee fees that are received by Directors. However, in recognition of the increased scope of each Non-Executive Director going forward, the business challenges facing the Company and market practice for the remuneration of directors of other similar sized companies, the Board is proposing the issue of Director Options.

Accordingly, Shareholder approval is being sought in Resolutions 7 to 10 to grant a total of 1,000,000 Director Options to certain Non-Executive Directors of the Company (**NEDs**), as follows:

- Mr Peter McMorrow (Chairman) – 400,000 Director Options;
- Mr Michael Atkins – 200,000 Director Options;
- Mr Peter Brecht – 200,000 Director Options; and
- Mr Robert Freedman – 200,000 Director Options.

It is not proposed to issue Mr Ian Fraser, a Non-Executive Director, with Director Options given that he is retiring at the close of the Meeting.

Each Director Option will be exercisable at an amount equivalent to 145% of the volume weighted average price of a Share for the date that the shareholders of the Company approved the grant of the Options and the 4 trading days prior to that date.

The full terms and conditions of the Director Options are set out in Annexure A to this Explanatory Memorandum.

The number and exercise price of the Director Options to be granted has been determined based upon a consideration of their cash fees and the appropriate incentives to attract and ensure continuity of service of directors who have appropriate knowledge and expertise. The Directors consider the proposed number of Director Options to be granted will ensure that overall fees paid to Non-Executive Directors is in line with market standards.

Over the last 12 month period, the highest closing price of Shares was \$0.67 on 18 July 2014 and the lowest closing price was \$0.41 on 16 October 2013. The closing price on 3 October 2014 was \$0.55. In respect of the Director Options to be granted, the exercise price will be an amount equivalent to 145% of the volume weighted average price of a Share for the date that the shareholders of the Company approved the grant of the Options and the 4 trading days prior to that date.

Related Party Transactions Generally

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party of the public company unless either:

1. the giving of the financial benefit falls within one of the nominated exceptions to the provision; or
2. prior shareholder approval is obtained to the giving of the financial benefit and the benefit is given within 15 months after obtaining such approval.

The grant of the Director Options constitutes a “financial benefit” as defined in the Corporations Act. Further, the NEDs are related parties of the Company as defined under the Corporations Act because they are Directors. Accordingly, the proposed grant of Director Options to the NEDs pursuant to Resolutions 7 to 10 constitutes the provision of a financial benefit to a related party of the Company that requires Shareholder approval.

Information Requirements

For the purposes of section 219 of the Corporations Act the following information is provided to Shareholders.

The related party to whom the proposed resolution would permit the financial benefit to be given

Subject to Shareholder approval the related parties to whom the proposed Resolution would permit the financial benefit to be given are Mr Peter McMorrow, Mr Michael Atkins, Mr Peter Brecht and Mr Robert Freedman. They are all Directors of the Company.

The nature of the financial benefit

The proposed financial benefit to be given is the grant of Director Options for no monetary consideration to the NEDs, or their nominee(s), as noted above. The terms and conditions of the Director Options are set out in Annexure A to this Explanatory Memorandum.

Directors’ recommendation

While the NEDs are of the view that the issue of the Director Options are appropriate in the circumstances, the NEDs have declined to make a recommendation to Shareholders in respect of Resolutions 7 to 10 due to the fact that they have a material personal interest in the outcome of the relevant Resolution as it relates to the proposed grant of Director Options to them or their nominee(s). Mr Ian Fraser and Mr David Macgeorge both recommend that Shareholders vote in favour of Resolutions 7 to 10.

Other information that is reasonably required by members to make a decision and that is known to the Company or any of its Directors

Resolutions 7 to 10 would have the effect of giving authority to the Company to grant a total of 1,000,000 Director Options on the terms and conditions as set out in Annexure A to this Explanatory Memorandum and as otherwise mentioned above. The Company presently has 62,959,181 issued Shares, 700,000 unlisted options exercisable at \$0.835 and no performance rights on issue (though, approval is being sought under Resolution 6 for the issue of 750,000 Performance Rights to the Company’s Managing Director).

If all Director Options granted as proposed above are exercised, and assuming all existing Options on issue have been exercised, the effect would be to dilute the shareholding of existing Shareholders and option-holders by approximately 2%. The market price of the Company's Shares during the period of the Director Options will normally determine whether or not the NEDs exercise the Director Options. At the time any Director Options are exercised and Shares are issued pursuant to the exercise of the Director Options, the Company's Shares may be trading at a price which is higher than the exercise price of the Director Options.

At the date of this Notice, the NEDs have the following interests in securities of the Company:

NED	Shares	Options	Performance Rights
Mr Peter McMorrow	2,490,544	Nil	Nil
Mr Michael Atkins	Nil	Nil	Nil
Mr Peter Brecht	116,061	Nil	Nil
Mr Robert Freedman	1,099,136	Nil	Nil

The base director fees per annum and the total financial benefit to be received by the NEDs in this current period as a result of the grant of Director Options the subject of Resolutions 7 to 10 are as set out in the following table.

NED	Base fees	Chairman / Committee fees	Superannuation	Value of Director Options	Total Financial Benefit
Mr Peter McMorrow	\$60,000	\$60,000 Company Chairman	\$11,400	\$136,000	\$267,400
Mr Michael Atkins	\$60,000	\$12,500 Chairman of audit Committee	\$6,888	\$68,000	\$147,388
Mr Peter Brecht	\$60,000	\$10,000 Chairman of remuneration Committee	\$6,650	\$68,000	\$144,650
Mr Robert Freedman	\$60,000	Nil	\$5,700	\$68,000	\$133,700

Valuation of Director Options

The Company has valued the Director Options to be granted to the NEDs, or their nominee(s), using the Black-Scholes model. The value of an option calculated by the Black-Scholes model is a function of a number of variables. The Company's assessment of the value of the Director Options has been prepared using the following assumptions:

Variable	Input
Share price	\$0.54
Exercise price	\$0.783
Risk free interest rate	2.5%
Volatility	100%
Time (years) to expiry	4

For the purposes of this valuation the Company has assumed 19 November 2014 as the issue date of the Director Options. For the Share price, the Company has assumed \$0.54 as this was the closing Share price on ASX on 30 September 2014. The Company has also assumed a volatility level of 100%. Taking these factors into account, the term of the Director Options (4 years) and its past Share prices, the estimated value of one Director Option is \$0.34.

The estimated value of 1,000,000 Director Options proposed to be granted to the NEDs is \$340,000.

Under the appropriate accounting standard, equity based compensation will be recognised as an expense in respect of the services received. Other than as set out in this Explanatory Memorandum, the Directors do not consider that from an economic and commercial point of view, there are any costs or detriments, including opportunity costs or taxation consequences, for the Company or benefits foregone by the Company in granting the Director Options pursuant to Resolutions 7 to 10.

Apart from the information set out in this Explanatory Memorandum, neither the Directors nor the Company are aware of other information that would be reasonably required by Shareholders to make a decision in relation to the financial benefits contemplated by the proposed Resolutions 7 to 10.

Listing Rule Requirements

Listing Rule 10.11

Listing Rule 10.11 requires a listed company to obtain shareholder approval by ordinary resolution prior to the issue of securities (including the grant of options) to a related party of the Company. If Resolutions 7 to 10 are passed, the Director Options will be granted to the NEDs, or their respective nominee. They are related parties of the Company by virtue of being Directors.

Accordingly, approval for the grant of the Director Options to the NEDs is required pursuant to Listing Rule 10.11. Approval pursuant to Listing Rule 7.1 is not required in order to grant the Director Options to the NEDs as approval is being obtained under Listing Rule 10.11. Shareholders should note that the grant of the Director Options to the NEDs with approval under Listing Rule 10.11 will not be included in the 15% calculation for the purposes of Listing Rule 7.1.

Listing Rule 10.13 sets out a number of matters which must be included in a notice of meeting proposing approval under Listing Rule 10.11. For the purpose of Listing Rule 10.13, the following information is provided to Shareholders:

- (a) the Director Options will be granted to: Mr Peter McMorrow (400,000 Director Options), Mr Michael Atkins (200,000 Director Options), Mr Peter Brecht (200,000 Director Options) and Mr Robert Freedman (200,000 Director Options) or their respective nominee(s);
- (b) the maximum number of Director Options to be granted is 1,000,000;
- (c) the Director Options will be granted on a date which will be no later than one month after the date of this Meeting;
- (d) the Director Options will be granted for no consideration;
- (e) no funds will be raised by the grant of the Director Options. The total amount raised if the Director Options are exercised in full is the exercise price of the Options (being 145% of the volume weighted average price of a Share for the date that Shareholders approved the grant of the Options and the 4 trading days prior to that date) multiplied by 1,000,000. The proceeds will be used to supplement working capital; and
- (f) the terms and conditions of the Director Options are set out in Annexure A to this Explanatory Memorandum.

RESOLUTION 11: ADOPTION OF NEW CONSTITUTION

Resolution 11 seeks Shareholder approval for the Company to adopt a new Constitution (to replace the current Constitution in its entirety). The new Constitution is intended to bring the constitution of the Company into line with the current law and regulation as well as best corporate governance practice. The new Constitution, if adopted, will not result in any material change to the existing rights or obligations of the shareholders.

A copy of the proposed new Constitution is available for review at the Company's registered office. A copy will also be sent to any shareholder on written request made to the Company Secretary. A copy will also be available for inspection at the AGM.

The Directors recommend that Shareholders vote in favour of Resolution 11.

RESOLUTION 12: CHANGE OF COMPANY NAME

Section 157(1)(a) of the Corporations Act provides that a company may change its name if the company passes a special resolution adopting a new name. Resolution 8 seeks shareholder approval to change the Company's name from Structural Systems Limited to SRG Limited. If Resolution 12 is passed the change of name will take effect when ASIC alters the details of the Company's registration. The proposed name, SRG Limited, has been reserved by the Company.

The Board is of the view that Company's current name, "Structural Systems", is too narrow and only relates to a specific business stream in the overall group of businesses. It is not representative of the breadth and diversity of the Company. The proposed name "SRG Limited" brings together the two key brands of the Company – Structural Systems and Rock Australia. By adopting a new name, the Company will be able to bring all its brands under a single united banner. This will demonstrate both the breadth and depth of the Company's capacity and experience and leverage the group to provide a full service offering to the customer base. The new SRG name will allow the flexibility to expand moving forward and will represent one strong united brand for the group while building on the 50 years of the Company's history.

The Directors recommend that Shareholders vote in favour of Resolution 12.

GLOSSARY

The following terms and abbreviations used in this Explanatory Statement have the following meaning:

ASIC:	means the Australian Securities and Investments Commission.
ASX:	means the Australian Securities Exchange or ASX Limited, as appropriate.
ASX Listing Rules:	means the listing rules of the ASX and any other rule of the ASX which are applicable while the Company is admitted to the official list of the ASX, each as amended or replaced from time to time, except to the extent of any express, written waiver by ASX.
Board:	means the board of directors of the Company.
Closely Related Parties	means those parties of the Key Management Personnel are as defined in the Corporations Act and include certain of their family members, dependents and companies they control.
Company:	means Structural Systems Limited (ACN 006 413 574).
Constitution:	means the constitution of the Company.
Corporations Act:	means the Corporations Act 2001 (Cth).
Director:	means a member of the Board.
Director Options:	means the Options to be issued to certain Non-Executive Directors of the Company under Resolutions 7 to 10.
Explanatory Statement:	means this Explanatory Statement.
Key Management Personnel	means the Directors of the Company and those other persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. The remuneration report identifies the key management personnel for the financial year ended 30 June 2014.
Managing Director:	means the managing director of the Company.
Meeting or	
Annual General Meeting:	means the meeting convened by the Notice.
Notice or	
Notice of Meeting:	means the notice convening the Annual General Meeting which accompanies this Explanatory Statement.
Option	means an option to acquire a Share subject to payment of an exercise price and satisfaction of any other conditions.
Performance Right:	means an entitlement to one Share, subject to vesting and satisfaction of a Performance Condition, granted in accordance with the Plan.
Related Party:	means a “related party” as defined in section 9 of the Corporations Act.
Resolution:	means a resolution included in the Notice.
Share:	means a fully paid ordinary share in the capital of the Company.
Shareholder:	means a holder of Shares.
WST:	means Western Standard Time, being the time in Perth, Western Australia.

ANNEXURE A

TERMS OF DIRECTOR OPTIONS

1. **Right to subscribe.** Each option (**Option**) entitles the holder to subscribe for, and be allotted, one fully paid ordinary share (**Share**) in the Company.
2. **Vesting.** The Options will vest on, and be capable of exercise from, 5.00 pm (WST) on 31 July 2016.
3. **Exercise price.** The exercise price (**Exercise Price**) of each Option is an amount equivalent to 145% of the volume weighted average price of a Share for the date that the shareholders of the Company approved the grant of the Options and the 4 trading days prior to that date.
4. **Expiry Date.** The Options will expire at 5.00pm (WST) on the date that falls on the fourth anniversary of the date that the shareholders of the Company approved the grant of the Options (**Expiry Date**).
5. **Lapse after Expiry Date.** Any Option that have not been exercised on or before 5.00pm (WST) on the Expiry Date will lapse automatically.
6. **Exercise.** Options may only be exercised by notice in writing (**Exercise Notice**) to the registered office of the Company. The Exercise Notice must specify the number of Options being exercised and must be accompanied by:
 - (a) the Exercise Price for the number of Options specified in the Exercise Notice; and
 - (b) the certificate for those Options, for cancellation by the Company.
7. **Payment.** The Exercise Notice only becomes effective when the Company has received cleared funds for the full amount of the Exercise Price.
8. **Issue of Shares.** Within 10 business days after the Exercise Notice becomes effective, the Company must:
 - (a) allot and issue the number of Shares specified in the Exercise Notice to the Executive;
 - (b) cancel the certificate for the Options being exercised;
 - (c) if applicable, issue a new certificate for any remaining Options covered by the certificate accompanying the Exercise Notice; and
 - (d) apply for official quotation by the Australian Securities Exchange (**ASX**) of all Shares issued in accordance with the Exercise Notice.
9. **Transferability.** The Options are not transferable.
10. **Unlisted.** No application will be made to the ASX for official quotation of the Options.
11. **No participating rights.** There are no participating rights or entitlements inherent in the Options and the Executive will not be entitled to participate in new issues of capital offered to the Company's shareholders during the currency of the Options. However, the Company will send a notice to the Executive at least six business days before the record date of any new issues of capital offered to the Company's shareholders. This will give the Executive the opportunity to exercise his Options prior to the date for determining entitlements to participate in any such issue.
12. **Ranking of Shares.** All Shares allotted upon the exercise of Options will rank equally in all respects with other fully paid ordinary shares in the Company then on issue.
13. **New or bonus issues.** In the event of any new or bonus issues, there are no rights to a change in the exercise price or the number of underlying securities over which the Options can be exercised.
14. **Re-organisation.** In the event of any re-organisation (including a consolidation, sub-division, reduction or return) of the issued capital of the Company on or prior to the Expiry Date, the rights of the Executive will be changed to the extent necessary to comply with the applicable ASX Listing Rules at the time of re-organisation.

15. **Change of Control.** The Board may, in its absolute discretion, determine that all or a portion of unvested Options will vest and be capable of exercise:
- (a) immediately upon a takeover bid (as defined in the Corporations Act) to acquire any Shares becoming or being declared to be unconditional, irrespective of whether the takeover bid extends to Shares issued and allotted after the date of the takeover bid;
 - (b) upon the occurrence of a Change of Control Event; or
 - (c) immediately upon approval of a merger by way of scheme of arrangement under the Corporations Act by the Court under section 411(4)(b) of the Corporations Act,

if that event occurs prior to the vesting date under clause 2 of these Terms.

For the purpose of this clause, a **Change of Control Event** means a shareholder, or a group of associated shareholders:

- (a) becoming entitled to sufficient Shares to give it or them the ability, and that ability is successfully exercised, in a general meeting, to replace all or a majority of the Board; or
 - (b) gaining the ability to control more than 50% of the voting power (as defined in the Corporations Act) in the Company.
16. **Governing law.** These terms are governed by the laws of Western Australia. The parties submit to the non-exclusive jurisdiction of that place.