

ASX Announcement
26 June 2014

Company Announcements Platform
Australian Securities Exchange
20 Bridge Street
SYDNEY NSW 2000



Dear Sir / Madam

NOTICE OF GENERAL MEETING

Please find attached a Notice of General Meeting of Gold Road Resources Limited, to be held on Wednesday, 30 July 2014 at 10.00am (Perth time), at The Celtic Club, 48 Ord Street, West Perth .

Yours faithfully,
Gold Road Resources Limited

KEVIN HART
COMPANY SECRETARY

ASX Code: GOR

ABN 13 109 289 527

COMPANY DIRECTORS

Ian Murray
Chairman

Ziggy Lubieniecki
Executive Director

Russell Davis
Non-Executive Director

Kevin R Hart
Company Secretary,
Non-Executive Director

Martin Pyle
Non-Executive Director

David Woodall
Non-Executive Director

CONTACT DETAILS

Principal & Registered Office
22 Altona St, West Perth, WA, 6005

Website
www.goldroad.com.au

Email
perth@goldroad.com.au

Phone
+61(8) 9200 1600

Fax
+61(8) 9481 6405





NOTICE OF GENERAL MEETING

&

EXPLANATORY STATEMENT

To be held

At 10.00am (Perth time), Wednesday, 30 July 2014

at

The Celtic Club
48 Ord Street, West Perth WA 6005

GOLD ROAD RESOURCES LIMITED

ABN 13 109 289 527

NOTICE OF GENERAL MEETING

Notice is hereby given that a General Meeting of Gold Road Resources Limited will be convened at 10.00am (Perth time) on Wednesday, 30 July 2014 at The Celtic Club, 48 Ord Street, West Perth, Western Australia.

AGENDA

1. Resolution 1 – Issue of Performance Rights to Mr Ian Murray

To consider and, if thought fit, to pass the following ordinary resolution:

"Approval is given for the grant to Mr Ian Murray (or his nominee) of up to 1,300,000 Performance Rights pursuant to the Employee Incentive Plan, the terms of which are summarised in the Explanatory Statement."

2. Resolution 2 – Issue of Performance Rights to Mr Ziggy Lubieniecki

To consider and, if thought fit, to pass the following ordinary resolution:

"Approval is given for the grant to Mr Ziggy Lubieniecki (or his nominee) of up to 486,111 Performance Rights pursuant to the Employee Incentive Plan, the terms of which are summarised in the Explanatory Statement."

3. Resolution 3 – Ratification of Prior Issue of Equity Securities

To consider and, if thought fit, to pass with or without modification the following ordinary resolution:

"That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders ratify the prior issue of 57,142,857 ordinary fully paid shares in the Company on the terms and conditions set out in the Explanatory Statement accompanying the Notice of Meeting."

VOTING PROHIBITION AND VOTING EXCLUSION STATEMENTS

Resolutions 1 and 2

Approval of the issue of Performance Rights under the Employee Incentive Plan

Voting Prohibition Statement under the Corporations Act

A vote on Resolutions 1 and 2 must not be cast by a person as proxy if the proxy is either a member of Key Management Personnel, or a Closely Related Party of a member of Key Management Personnel. This prohibition does not apply if the vote is cast in accordance with the directions on the Proxy Form specifying the way the proxy is to vote, or by the Chairman in accordance with an express authorisation on the Proxy Form.

Person excluded from voting under the ASX Listing Rules

The Company will disregard any votes cast on Resolutions 1 or 2 by a Director and an associate of a Director (except a Director who is ineligible to participate in any employee incentive scheme of the Company or any associate of such Director).

However, the Company need not disregard a vote cast on Resolutions 1 or 2 if it is cast either by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or by the Chairman 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.

Resolution 3

Ratification of a prior issue of Equity Securities

Person excluded from voting under the ASX Listing Rules

In accordance with Listing Rule 7.5, the Company will disregard any votes cast on the Resolution by or on behalf of any person who participated in the relevant share issue the subject of Resolution 3 and any of their associates. However, votes cast by a person as proxy for a person who is entitled to vote (in accordance with the directions on the proxy form) or the person chairing 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) will be taken into account.

Notwithstanding the above, the Company will not disregard a vote if it is cast in the following circumstances:

- by a person as proxy for a person who is entitled to vote in accordance with the directions on the proxy form; or
 - by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.
-

VOTING AT THE GENERAL MEETING

Voting Entitlements

The Directors have determined in accordance with Regulation 7.11.37 of the Corporations Regulations, that Shareholders entitled to vote at the Meeting will be the registered holders of Shares (**Registered Shareholders**) at 5.00pm (Perth time) on Monday, 28 July 2014 (**Voting Record Date**).

Shareholders who become Registered Shareholders by acquiring Shares between the Notice Record Date (being the record date which entitles Registered Shareholders at the close of business on 28 June 2014 to receive this Notice of Meeting) and the Voting Record Date and wish to vote at the Meeting by proxy should contact the Company for further information and to request a Proxy Form.

How to vote

You may vote by attending the Meeting in person, by proxy, or by appointing an authorised representative.

Voting in person

To vote in person, attend the Meeting on the date and at the place set out above. If possible, Shareholders are asked to arrive at the venue 15 minutes prior to the time designated for the Meeting, so that the Company can check the Shareholders' holding against the Company's Share register and note attendances.

Appointment of proxies

Each Shareholder is entitled to appoint a proxy. The proxy does not need to be a Shareholder.

A Shareholder that is entitled to cast two or more votes may appoint two proxies and may specify the proportion of votes each proxy is entitled to exercise. If a Shareholder appoints two proxies, each proxy may exercise half of the Shareholder's votes if no proportion or number of votes is specified.

In accordance with section 250BA of the Corporations Act, Shareholders are advised that Proxy Forms must be received:

- by hand or post to the Company's Share Registry at 770 Canning Highway, Applecross WA 6153; or
- by facsimile on +61 8 9315 2233,

by no later than 10.00am (Perth time) on Monday, 28 July 2014. Any Proxy Forms received after that time will not be valid for the Meeting.

Voting by proxy

A Shareholder can direct its proxy to vote for, against or abstain from voting on each resolution by marking the appropriate box in the "Voting directions to your proxy" section of the Proxy Form. If a proxy holder votes, they must cast all votes as directed. Any directed proxies that are not voted will automatically default to the Chairman, who must vote the proxies as directed.

Subject to the below requirements, the Chairman will vote all undirected proxies "for" Resolutions 1 to 3.

If the Chairman is to act as your proxy in relation to Resolution 1 (Issue of Performance Rights to Mr Ian Murray) (whether by appointment or by default) and you have not given directions on how to vote by completing the appropriate box in the Voting Directions section on the Proxy Form, the Chairman will not be able to cast your vote "for" Resolution 1, if the Chairman has an interest in that resolution, and you do not mark the appropriate box in the Important – Voting Exclusions section of the Proxy Form. By marking this box you acknowledge that the Chairman may vote your undirected proxy "for" Resolution 1 even if he has an interest in the outcome of the relevant resolution, and that votes cast by the Chairman for Resolution 1, other than as proxy holder, will be disregarded because of that interest.

If the Chairman is to act as your proxy in relation to Resolution 2 (Approval of Issue of Performance Rights to Mr Lubieniecki) (whether by appointment or by default), and you have not given directions on how to vote by completing the appropriate box in the Voting Directions section of the Proxy Form, the Proxy Form expressly directs and authorises the Chairman to cast your votes "for" the relevant resolution. This express authorisation is included because without it the Chairman would be precluded from casting your votes as this resolution is connected with the remuneration of Key Management Personnel.

The Company reserves the right to change the chairperson for a specific resolution.

If you are in any doubt as to how to vote, you should consult your professional adviser.

Appointment of corporate representatives

Any corporate Shareholder wishing to appoint a person to act as its representative at the Meeting may do so by providing that person with:

- a letter or certificate executed in accordance with the Corporations Act authorising that person to act as the corporate Shareholder's representative at the Meeting; or
- a copy of the resolution appointing that person as the corporate Shareholder's representative at the Meeting, certified by a secretary or director of the corporate Shareholder.

The appointment of a corporate representative must be received by the Company, or the Company's share registrar, Security Transfer Registrars Pty Ltd, before the Meeting or at the registration desk on the day of the Meeting. Certificates of appointment of corporate representatives are available at www.securitytransfer.com.au or on request by calling +61 8 9315 2333.

Beneficial Shareholders

If you are a Beneficial Shareholder and have received these materials through your broker or through another intermediary, please complete and return the Proxy Form in accordance with the instructions provided to you by your broker or other intermediary.

Key Dates

Event	Date
Deadline for lodgement of proxy forms	10.00am (Perth time) on Monday, 28 July 2014
Determination of voting eligibility	5.00pm (Perth time) on Monday, 28 July 2014
General Meeting	10.00am (Perth time) on Wednesday, 30 July 2014

Enquiries

Shareholders are invited to contact the Company Secretary by telephone on +61 8 9316 9100 if they have any queries in respect of the matters set out in these documents.

BY ORDER OF THE BOARD

Kevin R Hart
Company Secretary

Dated this 26th day of June 2014

GOLD ROAD RESOURCES LIMITED

ABN 13 109 289 527

EXPLANATORY STATEMENT

GENERAL INFORMATION

This Explanatory Statement and all attachments are important documents. They should be read carefully. If you have any questions regarding the matters set out in this Explanatory Statement or the preceding Notice of Meeting, please contact the Company Secretary on +61 8 9316 9100, or consult your stockbroker or other professional adviser.

This Explanatory Statement has been prepared for the Shareholders in connection with the General Meeting of the Company to be held on 30 July 2014.

The purpose of this Explanatory Statement is to provide Shareholders with information that the Board believes to be material to Shareholders in deciding whether or not to approve the resolutions detailed in the Notice of Meeting.

Resolutions 1 and 2 – Issue of Performance Rights under the Employee Incentive Plan

Background

Mr Ian Murray is the Executive Chairman of the Company.

Mr Ziggy Lubieniecki is the Technical Director and an Executive Director of the Company.

By Resolutions 1 and 2, the Company seeks Shareholder approval pursuant to Listing Rule 10.14 to grant up to:

- (a) 1,300,000 Performance Rights to Mr Ian Murray (or his nominee); and
- (b) 486,111 Performance Rights to Mr Ziggy Lubieniecki (or his nominee),

(together, the **Executive Director Performance Rights**) in accordance with the terms and conditions of the Employee Incentive Plan. This Plan was approved by Shareholders at the Annual General Meeting held on 18 November 2013.

The Board has decided to grant these Performance Rights as part of Messrs Murray and Lubieniecki's respective long term incentive portion of their remuneration packages in recognition of their contribution to the ongoing success of the Company.

The Company's remuneration policy is to ensure executive remuneration is competitive in retaining and motivating key executives. The granting of these Executive Director Performance Rights will provide a long term incentive for continued outstanding performance and the opportunity for share ownership.

The proposed issue of Executive Director Performance Rights seeks to further align their interests with those of Shareholders by linking their remuneration with the long term performance of the Company.

The key terms and conditions of the Employee Incentive Plan are summarised in Appendix A.

With respect to Performance Rights, each Performance Right represents a right to be issued a share at a future point in time subject to the satisfaction of any conditions relating to vesting, performance hurdles and/or exercise.

The key vesting conditions and performance hurdles are as follows:

- The holders, Mr Murray and Mr Lubieniecki remain employed to the applicable test date, which is 30 June 2017 being a three year measurement period.
- 50% of the Performance Rights will vest and convert into Shares over the three year measurement period (being 1 July 2014 to 30 June 2017) based on the Company's Total Shareholder Return compared to the change in the ASX All Ordinaries Gold Index (ASX Code XGD) over that same period. The portion of Performance Rights that will vest will be 50% of the relevant grant at the 50th percentile and 100% of the relevant grant at or above the 75th percentile (**Shareholder Return Hurdle**).
- 50% of the Performance Rights will vest on achieving an internal corporate hurdle to be met by 30 June 2017 (**Company Hurdle**).

The calculation framework used to determine the Executive Director Performance Rights to be granted is set out in Appendix B. As detailed in Appendix A, Incentives granted under the Employee Incentive Plan automatically vest in the event of a change in control of the Company.

Effect on the Company

The grant of the Executive Director Performance Rights to Messrs Murray and Lubieniecki will have a diluting effect on the percentage interest of existing Shareholders' holdings. For instance, assuming all the Executive Director Performance Rights are exercised, the Company's issued Shares would increase by 1,786,111 Shares to a total issued capital of 517,205,153 Shares¹ representing 0.3% of the then issued Shares in the Company.

There are no significant opportunity costs to the Company or benefits foregone by the Company in issuing the Executive Director Performance Rights. No loan is provided by the Company to allow for exercise.

Australian International Financial Reporting Standards require the Executive Director Performance Rights to be expensed in accordance with AASB 2 – Share Based Payments. The Executive Director Performance Rights are expected to be expensed over the 3 year vesting period in which they are issued. Expensing the Executive Director Performance Rights will have the effect of increasing both the expenses and the contributed equity of the Company. There will be no impact on the net assets or the cash position or financial resources of the Company as a result of expensing the Executive Director Performance Rights.

There are no tax implications for the Company in issuing these Executive Director Performance Rights.

Key terms of the Executive Director Performance Rights

Requirement for Shareholder approval

Approval for the grant of the Executive Director Performance Rights is sought for the purposes of ASX Listing Rule 10.14 and for all other purposes. Listing Rule 10.14 provides that the Company must not issue equity securities (including Performance Rights) under an employee incentive scheme to a Director of the Company without Shareholder approval.

Chapter 2E of the Corporations Act also requires shareholder approval where a public company seeks to give a "financial benefit" to a "related party" (unless an exception applies). A "related party" for the purposes of the Corporations Act is defined widely. It includes a director of a public company and specified members of the director's family. It also includes an entity over which a director maintains control. Directors such as Messrs Murray and Lubieniecki are considered to be related parties within the meaning of the Corporations Act, and the Executive Director Performance Rights will constitute a financial benefit for the purposes of Chapter 2E of the Corporations Act.

An exception to the requirement to obtain shareholder approval in accordance with Chapter 2E applies where the financial benefit constitutes part of the related party's "reasonable remuneration". The Board (other than Messrs Murray and Lubieniecki who were not able to make a recommendation due to their interests in the issue of Executive Director Performance Rights), considers that the grant of Executive Director Performance Rights to Messrs Murray and Lubieniecki, and any issue of Shares upon the exercise of those Executive Director Performance Rights, constitutes part of the reasonable remuneration of Messrs Murray and Lubieniecki respectively. In reaching this conclusion, the Board has had regard to a variety of factors including market practice and the remuneration offered to persons in comparable positions at comparable companies.

Additional information

For the purposes of Listing Rule 10.15, and for all other purposes, the following additional information is provided to Shareholders in respect of the proposed issue of Executive Director Performance Rights.

Maximum number of securities to be issued	<p>The maximum number of Performance Rights that may be issued under the Employee Incentive Plan:</p> <ul style="list-style-type: none">▪ to Mr Ian Murray (or his nominee) is up to 1,300,000; and▪ Mr Ziggy Lubieniecki (or his nominee) is up to 486,111. <p>Messrs Murray and Lubieniecki are the only people referred to in Listing Rule 10.14 eligible to participate in the Employee Incentive Scheme. Any additional people referred to in Listing Rule 10.14 who become entitled to participate in the Employee Incentive Scheme will not do so until any Shareholder approval required under Listing Rule 10.14 is obtained.</p>
Terms of issue	<p>The Performance Rights will be issued in accordance with the terms of the Employee Incentive Plan (the terms of which are summarised in Appendix A to this Explanatory Statement). The key terms of the Executive Director Performance Rights are outlined above.</p>
Issue price	<p>No consideration is payable at the time of grant of the Executive Director Performance Rights or for the issues or transfer of Shares upon vesting of the Executive Director Performance Rights.</p>

¹ As at 20 June 2014 the issued capital of the Company comprised 515,419,042 ordinary fully paid Shares, 18,722,000 unlisted Options with various expiry dates and exercise prices and 2,061,666 Performance Rights with various expiry dates.

Previous grants under the Employee Incentive Plan	<p>Since the Employee Incentive Plan was last approved by Shareholders in November 2013, Mr Murray has been granted 3,300,000 Options and Mr Lubieniecki 1,700,000 Options exercisable on or before 19 November 2015 at 13 cents each.</p> <p>No consideration was payable for the issue of the Options and no other person listed under Listing Rule 10.14 has received Incentives under the Employee Incentive Plan since it was last approved by Shareholders in November 2013.</p>
Vesting	Subject to the Board's discretion, if the Performance conditions attached to the Executive Director Performance Rights are satisfied the Performance Rights will vest and may be exercised by the holder into Shares.
Ranking of Shares	Shares allocated to Mr Murray and Mr Lubieniecki upon exercise of the Executive Director Performance Rights will rank equally with other Shares on issue.
No funds raised	No funds are raised through the grant of the Performance Rights or on the exercise and conversion of the Performance Rights to Shares.
Loans	No loans have or will be made by the Company in connection with the Performance Rights proposed to be granted to Mr Murray or Mr Lubieniecki.
Date of issue of Executive Director Performance Rights	The Executive Director Performance Rights proposed to be granted to Messrs Murray and Lubieniecki under Resolutions 1 and 2 will be granted no later than 12 months after the date of the Meeting.
Details of securities held	The following securities are held by Messrs Murray and Lubieniecki (or their nominees).

Director	Securities Held	Exercise price/Hurdle	Expiry date
Mr Murray	2,000,000 Options	61.5 cents	31/10/2014
	3,300,000 Options	13.0 cents	19/11/2015
	800,000 Performance Rights	*	30/11/2014
	10,848,712 Ordinary Fully Paid Shares		
Mr Lubieniecki	2,000,000 Options	Ranging from 9.5 cents to 97.5 cents	From 30/4/2015 to 30/9/2015
	1,700,000 Options	13.0 cents	19/11/2015
	625,000 Performance Rights	*	30/11/2014
	1,912,767 Ordinary Fully Paid Shares		

Notes:

- * Represent Performance Rights issued to Executive Directors. The grant of these Performance Rights is subject to the recipients remaining employed by the Company up to the Test Date and the 60 day VWAP of trading in the shares up to the relevant Test Date being at least 28 cents per Share in relation to Performance Rights which are tested and vest on 30 November 2014.

Executive Director remuneration	Details of the nature and amount of each major element of the remuneration of Messrs Murray and Lubieniecki for the year ended 30 June 2014 are set out below:
--	--

	Salary \$	Superannuation Contributions \$	Value of Incentives \$	Total \$
Mr Murray	299,075	18,569	164,053	481,697
Mr Lubieniecki	214,583	19,849	106,122	340,554

Directors' recommendation

The Non-executive Directors recommend that Shareholders vote in favour of Resolutions 1 and 2. Messrs Murray and Lubieniecki decline to make a recommendation to Shareholders in relation to Resolutions 1 and 2 given their respective interests in the outcome of those resolutions.

Resolution 3 – Ratification of a Prior Issue of Equity Securities

On 21 March 2014, the Company announced that it had undertaken a placement of 57,142,857 ordinary fully paid shares (**Placement Shares**) to professional and sophisticated investors in Australia at a subscription price of \$0.175 each share, to raise \$10 million before the costs of the issue. The placement was managed jointly by Argonaut Securities and Bell Potter Securities.

The Placement was completed on 28 March 2014 under the Company's 15% existing placing facility provided in Listing Rule 7.1 (**Placement**).

Listing Rule 7.1 provides that without Shareholder approval, a company must not issue or agree to issue new equity securities constituting more than 15% of its total issued capital within a 12 month period (excluding any issue of equity securities approved by Shareholders and other various permitted exceptions which are not relevant for current purposes).

Listing Rule 7.4 allows an issue of securities made without the approval of Shareholders to be ratified by Shareholders, in order to refresh the 15% capacity under Listing Rule 7.1, provided at the time the issue was made, the issue was made within the Company's existing 15% capacity under Listing Rule 7.1.

Shareholder approval is therefore now sought pursuant to Listing Rule 7.4 to ratify the Placement Shares issued so that these shares are not counted in determining the Company's capacity to issue up to 15% of its issued ordinary capital under Listing Rule 7.1.

Listing Rule 7.5 requires that the following information be provided to Shareholders for the purpose of obtaining Shareholder approval pursuant to Listing Rule 7.4:

- (a) the total number of equity securities issued was 57,142,857 Placement Shares;
- (b) the Placement Shares were issued at a price of \$0.175 per Share;
- (c) the Placement Shares issued rank equally with existing Shares on issue;
- (d) the Shares were issued to professional and sophisticated investors who are clients of Argonaut Securities and Bell Potter Securities Limited, none of whom are related parties of the Company;
- (e) the Shares are listed on ASX; and
- (f) proceeds from the Placement will be used for resource definition drilling at the Gruyere Project, further regional exploration at the Dorothy Hills Trend and other high priority gold camp targets, continue studies to establish project and economic feasibility and general working capital purposes.

Directors' recommendation

The Board recommends that Shareholders vote in favour of Resolution 3. The Chairman intends to vote undirected proxies in favour of Resolution 3.

GLOSSARY

General Meeting or **Meeting** means the General Meeting of Shareholders to be held at The Celtic Club, 48 Ord Street, West Perth, Western Australia on Wednesday, 30 July 2014 at 10.00am (Perth time), or any adjournment thereof.

ASX means ASX Limited (ABN 98 008 624 691), or as the context requires, the financial market operated by it.

ASX Listing Rules or **Listing Rules** means the Listing Rules of the ASX, from time to time and as modified by any express waiver given by ASX.

Board means the board of Directors.

Chairman means the person chairing the Meeting from time to time.

Closely Related Party of Key Management Personnel means:

- a spouse or child of the member;
- a child of the member's spouse;
- a dependent of the member or the member's spouse;
- anyone else who is one of the member's family and may be expected to influence the member or be influenced by the member in the member's dealings with the Company;
- company the member controls; or
- a person prescribed by the Corporations Regulations 2001 (Cth).

Company means Gold Road Resources Limited ABN 13 109 289 527.

Corporations Act means the *Corporations Act 2001* (Cth).

Director means a director of the Company.

Employee Incentive Plan means the Gold Road Resources Limited employee incentive plan which was last approved by Shareholders at the Annual General Meeting on 19 November 2013.

Explanatory Statement means this explanatory statement accompanying the Notice of Meeting.

Incentive means an option or a performance right issued under an employee incentive plan, including the Company's Employee Incentive Plan.

Key Management Personnel has the same meaning given in the accounting standards. Broadly speaking this includes those persons with the authority and responsibility for planning, directing and controlling the activities of the Company (whether directly or indirectly), and includes any Directors of the Company. Details of the remuneration of Key Management Personnel are included in the Remuneration Report which forms part of the Annual Report of the Company.

Non-Executive Director means a non-executive Director of the Company.

Notice of Meeting means this notice of General Meeting, including the Explanatory Statement.

Performance Right means a performance right issued in accordance with the Company's Employee Incentive Plan.

Proxy Form means the proxy form attached to the Notice of Meeting.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share or Shares.

VWAP means volume weighted average price.

Appendix A – Terms and Conditions of Employee Incentive Plan

A summary of the key terms of the Employee Incentive Plan is set out in the table below:

Eligibility	<p>Under the terms of the Employee Incentive Plan, the Board may determine which employees of the Company and its related bodies corporate are eligible to participate.</p> <p>The Employee Incentive Plan is targeted at the Company's senior management and employees, including Executive Directors (as determined by the Board from time to time). Any proposal to issue Performance Rights or Options to Executive Directors under the Incentive Plan would require prior Shareholder approval to be obtained pursuant to the related party provisions of the ASX Listing Rules.</p>
Incentives	<p>The Employee Incentive Plan allows the Board to grant Performance Rights and Options (each an Incentive) to eligible participants.</p>
Vesting conditions	<p>The vesting terms for grants of Incentives under the Employee Incentive Plan will be decided by the Board from time to time. Where appropriate, the Board may impose appropriate performance hurdles to encourage employees to focus on performance of the Company over the long term.</p> <p>The Board considers that issuing Options with a premium exercise price, and on such terms that the Options lapse on the cessation of employment, will ensure that benefits will only be received by recipients who continue to be employed by the Company. In the Board's view terms of that nature have a like effect to a vesting condition.</p>
Number of Incentives to be granted	<p>The number of Incentives granted under the Employee Incentive Plan will be decided by the Board from time to time.</p> <p>The Board notes that Performance Rights involve less risk to an employee than options, as they do not require the employee to pay any amounts to the Company upon exercise. As a result, where the Board decides to grant Performance Rights, an employee will typically receive fewer Performance Rights when compared with the number of options they would have otherwise received under the Incentive Plan or any other employee incentive plan.</p>
Exercise Price	<p>Performance Rights do not require the employee to pay any amount to the Company upon vesting or exercise.</p> <p>The Board may grant options under the Employee Incentive Plan. If it chooses to do so, the exercise price of any options granted under the Incentive Plan is at the absolute discretion of the Board and the Board will determine the exercise price from time to time. Typically, any options granted would have an exercise price calculated by reference to a volume weighted average price of the Company's shares for a period prior to the date of grant.</p>
Cashless exercise	<p>The incentiveholder may determine, in its sole and absolute discretion, that an optionholder will not be required to provide payment of the full amount of the exercise price to the Company for the number of options (as specified in the option exercise notice) but that on exercise of the options, the Company will issue the number of Shares equal in value to the difference between the Market Value of the Shares and the exercise price otherwise payable in relation to the options (with the number of Shares rounded down).</p> <p>"Market Value of the Shares" means the VWAP of the Shares (sold in the ordinary course of trading on ASX during the 20 trading days before the date on which the holder exercises its options).</p>
Takeover bid and change in control	<p>Incentives granted under the Employee Incentive Plan automatically vest in the event of a change in control of the Company, including where a takeover bid is made for the Company and the bidder acquires more than 50% of the Company, Shareholders approve a scheme of arrangement, or in any other case where a person obtains voting power in the Company which the Board determines (acting in good faith and in accordance with their fiduciary duties) is sufficient to control the composition of the Board.</p> <p>The Board also has the discretion to permit the exercise of Incentives in other limited circumstances, such as where a resolution is passed approving the disposal of the Company's main undertaking.</p>
Transferability	<p>Incentives granted under the Employee Incentive Plan are generally not transferable.</p>
Dividend and voting rights	<p>Incentives granted under the Employee Incentive Plan do not carry any dividend or voting rights.</p>

Adjustment for rights issues	The exercise price of Incentives granted under the Employee Incentive Plan (which is only applicable for options granted under the Employee Incentive Plan, which have an exercise price) will be adjusted in the manner provided by the ASX Listing Rules in the event of the Company conducting a rights issue prior to the lapse of that Incentive.
Board discretion	Under the terms of the Incentive Plan, the Board has absolute discretion to determine the exercise price, the expiry date and vesting conditions of any grants made under the Incentive Plan, without the requirement for further Shareholder approval.
Copies of Incentive Plan	A copy of the full terms of the Employee Incentive Plan can be obtained by contacting the Company Secretary on +61 8 9316 9100.

Appendix B – Calculation of Performance Rights

The framework for the Company's Long Term Incentive Remuneration Policy is based on the following key principles which apply to the grant of long term incentives:

- The vesting of long term incentives will be subject to performance measured against long term internal Company hurdles and Shareholder return hurdles.
- Vesting will be measured at the end of a minimum 3 year period.
- Long term incentives are to be granted annually, and will be subject to a percentage threshold amount of base remuneration. The percentage threshold is to be reviewed at each grant, and determined based on market and peer group practice.

The Executive Director Performance Rights to be granted to Messrs Murray and Lubieniecki subject to Shareholder approval as set out in the Explanatory Statement is set out below:

Executive	Base Salary	LTI %	LTI \$ Value	Number of Rights
Mr Ian Murray	360,000	65%	234,000	1,300,00
Mr Ziggy Lubieniecki	250,000	35%	87,500	486,111
			321,500	1,786,111

Performance Hurdle	Weighting	Number of Rights
Company	50%	893,055
Shareholder Return	50%	893,056

The market value used by the Company, for the purposes of calculating the quantity of Performance Rights that may be converted to Shares has been set at \$0.18 being the 30 day volume weighted average price at the date the Board considered the grant of the long term incentive.