

ASX/NEWS RELEASE – OTC

8 September 2014



PROPOSED ISSUE OF PERFORMANCE RIGHTS TO KEY EXECUTIVES

The Board of OTOC Limited ("**OTOC**" or the "**Company**") wish to advise that the Company has implemented a remuneration policy to incorporate the issue of Performance Rights to key Executives. The policy will be applicable from the current 2015 financial year.

The Board has offered to grant a total of 10,517,962 Performance Rights (to acquire the same number of fully paid ordinary shares in the Company) to certain Executives of the Company, subject to shareholder approval for the issue of the Performance Rights. The Performance Rights will vest into ordinary shares subject to the achievement of relative shareholder return and earnings per share hurdles, as set out below.

The primary purpose for the issue of Performance Rights is to provide a performance-linked incentive component in the remuneration package for Executives, which is not presently in-place.

OTOC Chairman, Derek La Ferla said:

"The Board is of the view that, an equity based incentive has been lacking in OTOC's senior executive remuneration arrangements to date and the Board views this plan as an essential part of retaining senior executives, to encourage alignment of personal and shareholder interest and:

- *Foster a long term perspective within the employees necessary to increase shareholder return*
- *Drive sustainable, long term performance of the Company*
- *Provide an opportunity for employees to benefit from the Company's share price performance in a manner that is directly linked to shareholder returns; and*
- *Ensure that the Company has a remuneration model that makes it an attractive employment option for talented personnel*

The Board has concluded that the issue of Performance Rights is the most effective, long-term incentive plan for Executives and has been designed to ensure an effective link between shareholder returns and executive remuneration."

A Performance Rights Plan was approved by the Board in April 2014 ("the Plan"). The Company intends to seek shareholder approval for the Plan and for the issue of the Performance Rights to Executives as set out in the table below. Relevant resolutions to approve the grant of these Performance Rights will be put to shareholders at the next Annual General Meeting to be held in November 2014.

Executive	# Performance Rights
Simon Thomas – Chief Executive Officer	4,781,250
David Russell – General Manager, OTOC Australia	1,920,000
Brett Goodridge – General Manager, Whelans	1,780,822
Brian Mangano – Chief Financial Officer	1,740,000
Lisa Wynne – Company Secretary	295,890

The value of the Performance Rights above offered as long term incentives (“LTI”) represents between 60% and 150% of the Executive’s individual Total Fixed Remuneration. The mechanism for converting the LTI dollar value of the rights into a number to be granted was based on the Company’s 30-day VWAP prior to 29 August 2014.

The quantum and structure of the grant of Performance Rights announced today reflects the fact that no long term incentive plan has been in place previously for Executives. The Board has adopted a transitional vesting approach for the current proposed grant:

- 25% (Tranche 1) will vest in 1 year (based on performance from 1 July 2014 to 30 June 2015);
- 25% (Tranche 2) will vest in 2 years (based on performance from 1 July 2014 to 30 June 2016); and
- 50 % (Tranche 3) will vest in 3 years (based on performance from 1 July 2014 to 30 June 2017).

Vesting is subject to the achievement of the financial performance hurdles outlined in the table below.

Performance Hurdles

	50% rTSR**		50% EPS CAGR	
	< 50% percentile	Nil	<6%	Nil
	>50th percentile, <75th percentile	50%, plus 2% for every one percentile increase above 50 th percentile	>6%-<24%	pro rata vesting between 25%-100%
	75th percentile or more	100%	24%>	100%

*Safety must be maintained at all times and no LTI’s will vest in the instance of a major safety breach such as a serious injury or fatality

**Performance of management measured against the total shareholder return relative to the ASX All Ordinaries Index.

The board believes the introduction of a relative Total Shareholder Return (“rTSR”) performance hurdle alongside the use of Compounded Earnings per Share Growth (“EPS CAGR”) provides the appropriate balance between relative and absolute company performance.

Further details of the terms and conditions of the Performance Rights will be outlined in the Notice of Annual General Meeting and Explanatory Memorandum expected to be despatched in late October 2014.

About OTOC

OTOC Limited is a leading provider of infrastructure services through its wholly owned operations OTOC Australia and Whelans Australia.

OTOC Australia specialises in the installation of infrastructure for government, mining and oil and gas projects. OTOC Australia has a successful track record of delivering turnkey infrastructure solutions for blue-chip clients including Rio Tinto, BHP Billiton, Roy Hill and FMG.

Whelans operates throughout Australia and is a leading consultancy in the provision of surveying, aerial surveys and town planning.

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