

# RESOURCE DEVELOPMENT GROUP LIMITED

ABN 33 149 028 142



Resource  
Development  
Group

## NOTICE OF ANNUAL GENERAL MEETING

### EXPLANATORY MEMORANDUM

#### PROXY FORM

##### **Date of Meeting**

Thursday, 27 November 2014

##### **Time of Meeting**

10.00 am (WST)

##### **Place of Meeting**

L4 130 Stirling Street  
Perth WA 6000

#### ANNUAL REPORT

The 2014 Annual Report is available from the Company's website via the following link:

<http://www.resdevgroup.com.au>

## NOTICE OF ANNUAL GENERAL MEETING

The Annual General Meeting of Resource Development Group Ltd (**Company** or **Resource Development Group**) is to be held on Thursday, 27 November 2014, at L4 130 Stirling Street Perth WA, 6000, commencing at 10.00 am (WST).

The Explanatory Memorandum that accompanies and forms part of this Notice describes the matters to be considered at this meeting.

## BUSINESS

### Financial Report

To receive and consider the financial report for the year ended 30 June 2014 together with the directors' report and auditor's report.

### Resolution 1 – Adoption of Remuneration Report

To consider and, if thought fit, to pass the following resolution as a **non-binding resolution**:

*"To adopt the Remuneration Report for the year ended 30 June 2014."*

### Voting exclusions:

For the purposes of Resolution 1 in accordance with sections 250R and 250BD of the Corporations Act 2001, the Company will disregard any votes cast on resolution 1 by or on behalf of any key management personnel, details of whose remuneration are included in the Remuneration Report ("KMP") and a closely related party of a KMP. However, the Company need not disregard a vote if it is cast by a KMP or a closely related party of a KMP person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by a chairperson of the Meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

The Company's KMP's are set out in the Remuneration Report. Generally speaking they are people having authority and responsibility for planning, controlling and directing the Company's activities in a direct or indirect manner. Key management personnel include the Directors, and senior executives of the Company.

A closely related party of key management personnel generally speaking means a spouse, child, or dependent of the key management personnel, or a child or dependent of the spouse of the key management personnel. It includes anyone else who is a member of the key management personnel's family who would influence or may be expected to influence the key management personnel in relation to his or her dealings with the Company. It also includes any company which is controlled by the key management personnel, and includes any other people prescribed as closely related parties by ASIC in the regulations to the Corporations Act (none are prescribed at this time).

### Resolution 2 – Re-election of Director – Mr. Mel Ashton

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

*"That Mr. Ashton, being a director of the Company who, retires in accordance with Clause 16.4 of the Company's Constitution and ASX listing rule 14.4, and being eligible and offering himself for re-election, be re-elected as a Director of the Company."*

Information about Mr. Ashton is included in the Explanatory Memorandum .

### **Resolution 3 – Re-election of Director – Mr. Richard Eden**

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

*“That Mr. Eden, being a director of the Company who, retires in accordance with Clause 16.3 of the Company’s Constitution and ASX listing rule 14.4, and being eligible and offering himself for re-election, be re-elected as a Director of the Company.”*

Information about Mr. Eden is included in the Explanatory Memorandum .

### **Resolution 4 – Re-election of Director – Mr. Andrew Ellison**

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

*“That Mr. Ellison, being a director of the Company who, retires in accordance with Clause 16.3 of the Company’s Constitution and ASX listing rule 14.4, and being eligible and offering himself for re-election, be re-elected as a Director of the Company.”*

Information about Mr. Ellison is included in the Explanatory Memorandum .

### **Resolution 5 – Ratification of the grant of 6,000,000 Options**

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

*“That for the purposes of Listing Rule 7.4 of the Listing Rules and for all other purposes, Shareholders ratify the grant of 6,000,000 Options to an adviser of the Company as detailed in the Explanatory Memorandum.*

**Short Explanation:** Under ASX Listing Rule 7.4, a Company may seek shareholder approval to ratify an issue of securities provided that the issue does not fall within one of the exceptions to Listing Rule 7.1 and did not breach the 15% restriction contained in Listing Rule 7.1. This resolution if approved will allow the Company to have the flexibility to make future issues of securities up to the threshold of 15% of its fully paid ordinary shares in any 12 month period. Please refer to the Explanatory Memorandum for details.

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any of the persons who participated in the issue the subject of this resolution and any associate of any of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form, or, it is cast by 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

### **Resolution 6 – Approval of 10% placement facility**

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

*“That for the purpose of Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities up to 10% of the issued capital of the Company (at the time of issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions in the Explanatory Memorandum.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by a person who may participate in the 10% Placement Facility and a person who may obtain a benefit, except a benefit solely in the capacity of a security holder, if the resolution is passed and any associates of those

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

**Resolution 7 – Approval of the Resource Development Group Limited Employee Incentive Plan 2014**

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

*“That the establishment and operation of an employee incentive plan be approved for the purposes of ASX Listing Rule 7.2 exception 9, to be called the Resource Development Group Limited Employee Incentive Plan 2014, for the provision of incentives to employees of the Company and its subsidiaries on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice.”*

**Voting Exclusion Statement:** The Company will disregard any votes cast on this resolution by the Directors (except those who are ineligible to participate in the Incentive Plan) and their associates. However, the Company need not disregard a vote on Resolution 7 if it is cast by a person as proxy appointed in writing for a person who is entitled to vote, in accordance with voting directions which are specified on the proxy form. A vote must not be cast on Resolution 7 by a key management personnel or their closely related parties, acting as proxy, if their proxy does not specify the way the proxy is to vote on this Resolution.

Also, the Company need not disregard a vote on Resolution 7 if it is cast by the Chairman of the Meeting (as proxy appointed in writing for a person who is entitled to vote) where the proxy form expressly authorises the Chairman of the Meeting to exercise an undirected proxy, even if the Resolution is connected directly or indirectly with the remuneration of a member of the key management personnel of the Company or their closely related parties.

**DATED THIS 20<sup>th</sup> OF OCTOBER 2014 BY  
ORDER OF THE BOARD**

A handwritten signature in black ink, appearing to read 'Mark Pugsley', written in a cursive style.

**Mark Pugsley  
Company Secretary**

**IMPORTANT NOTES:**

- 1 A shareholder entitled to attend and vote is entitled to appoint not more than two proxies to attend and vote on behalf of the shareholder. A proxy need not be a shareholder of the Company, but must be a natural person (not a corporation). A proxy may also be appointed by reference to an office held by the proxy (eg the Company Secretary).
- 2 Where more than one proxy is appointed, each proxy may be appointed to represent a specified proportion of the shareholder's voting rights. If no such proportion is specified, each proxy may exercise half of the member's votes.
- 3 A proxy form is attached. A separate form must be used for each proxy. An additional form can be obtained by writing to Security Transfer Registrars Pty Ltd at PO Box 535, Applecross WA 6953, Australia or by fax to (61 8) 9315 2233 or by email to registrar@secritytransfer.com.au. Alternatively, you may photocopy the attached form.
- 4 A duly completed proxy form and (where applicable) any power of attorney or a certified copy of the power of attorney must be received by the Company at its registered office or the address or fax number set out below, not less than 48 hours before the time for commencement of the meeting. Please send by post to Security Transfer Registrars Pty Ltd at PO Box 535, Applecross WA 6953, Australia or by fax to (61 8) 9315 2233.
- 5 Any corporate member who has appointed a person to act as its corporate representative at the meeting should provide that person appropriate written documentation executed in accordance with the Corporations Act 2001 evidencing that the person is authorised to act as that company's representative. Please contact the Company Secretary if you require an appointment of corporate representative form. The authority may be sent to the Company in advance of the meeting or handed in at the meeting when registering as a corporate representative.
- 6 For the purposes of Section 1074E(2) of the Corporations Act and Regulation 7.11.37 of the *Corporations Regulations 2001*, the Company determines that members holding ordinary shares at 5pm (WST) on Tuesday, 25 November 2014 will be entitled to attend and vote at the Annual General Meeting.
- 7 The Explanatory Memorandum attached to this Notice forms part of this Notice.

## **EXPLANATORY MEMORANDUM**

This Explanatory Memorandum has been prepared to provide Shareholders with material information to enable them to make an informed decision on the business to be conducted at the Annual General Meeting of Resource Development Group Limited (**Company** or **Resource Development Group**).

The Directors recommend shareholders read this Explanatory Memorandum in full before making any decision in relation to the resolutions.

### **Financial Statements and Report**

Under the Corporations Act, the directors of the Company must table the financial report, the directors' report and the auditor's report for Resource Development Group for the year ended 30 June 2014 at the meeting.

These reports are set out in the 2014 Annual Report. Shareholders who elected to receive a printed copy of annual reports should have received the 2014 Annual Report with this Notice of Annual General Meeting. In accordance with section 314 (1AA)(c) of the Corporations Act 2001, the Company advises the 2014 Annual Report is available from the Company's website (<http://www.resdevgroup.com.au>).

Shareholders will be given reasonable opportunity at the meeting to ask questions and make comments on the financial report, the directors' report and the auditor's report.

### **Resolution 1 – Adoption of Remuneration Report**

Under the Corporations Act, the Company is required to include, in the directors' report, a detailed Remuneration Report setting out the prescribed information in relation to the remuneration of directors and executives of Resource Development Group and the Company's remuneration practices.

Shareholders will be given reasonable opportunity at the meeting to ask questions and make comments on the Remuneration Report.

The Remuneration Report is required to be submitted for adoption by a resolution of Shareholders at the meeting. The vote on this 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 remuneration practices and policies.

Shareholders need to be aware that as a result of new legislation, which became effective on 1 July 2011 a "two strikes" process will apply to the results of voting in relation to Resolution 1. This means that if the resolution proposing adoption of the Remuneration Report receives a "no" vote of over 25% of votes cast by those attending in person or by proxy and permitted to vote at two successive annual general meetings, then at the second AGM, an extra resolution must be put to the meeting proposing that another general meeting should be held within 90 days of the second AGM. A simple majority of over 50% of the votes cast at the second AGM is required to pass this extra resolution. If the resolution is passed, within 90 days another general meeting must be held at which all the Directors, except the Managing Director and any new Directors appointed since the date of the second AGM, will be required to resign and offer themselves for re-election. These provisions are colloquially referred to as the "two strikes rule" and the "spill resolution" to be put to the "spill meeting".

If at the spill meeting, the resolutions are all passed against re-electing the relevant Directors, the legislation includes a mechanism to ensure the Board continues with the statutory required minimum of 3 Directors. After the managing director, the remaining two positions will be filled by the Directors whose re-election resolutions at the spill meeting received the highest percentage of votes in favour of re-election. If the number of votes is the same for two Directors, the Managing Director and any other Director whose re-election has been confirmed at this spill meeting can choose who is to become the third Director, with such appointment to be confirmed by shareholders at the next occurring AGM.

At the Company's 2013 AGM there were 13,193 votes cast against the 2013 Remuneration Report resolution, which is less than 25% of the votes cast at the meeting and therefore the "two strikes" process was not invoked at the 2013 AGM.

#### Board recommendation

The Board recommends shareholders vote in favour of the Resolution.

#### Voting intention

The Chairman of the meeting intends to vote undirected proxies in favour of Resolution 1.

#### Voting exclusion statement

The Company will disregard any votes cast on Resolution 1 by, or on behalf of:

- a member of the key management personnel as disclosed in the Remuneration Report;
- a closely related party (such as close family members and any controlled companies) of those persons,

unless the vote is cast by a person as proxy for a person entitled to vote in accordance with a direction on the Proxy Form.

### **Resolution 2 – Re-election of Director – Mr. Mel Ashton**

Under Clause 16.4 of the Constitution, and Listing Rule 14.4, at every Annual General Meeting, one third of the directors must retire, but are eligible for re-election at that Annual General Meeting.

The Directors to retire are those who have been in office for 3 years since their appointment or last re-appointment or have been longest in office since their appointment or last re-appointment, or, if the Directors have been in office for an equal length of time, by agreement.

The requirements for a Director to retire do not apply to a Managing Director (but if there is more than one Managing Director, only one is exempt from retirement).

The Company currently has three Directors (excluding the Managing Director) and accordingly one must retire.

Accordingly, Mr Ashton retires by rotation at the Annual General Meeting and, being eligible, he offers himself for re-election as a Director.

Mr. Ashton holds a Bachelor of Commerce degree from the University of Western Australia, is a fellow of the Institute of Chartered Accountants and a fellow of the Australian Institute of Company Directors.

Mr. Ashton also currently holds a number of board appointments, including President of Chartered Accountants and New Zealand and a Director of the Hawaiian Group of Companies.

**Board Recommendation**

The Board (other than Mr. Ashton) recommends Shareholders vote in favour of the Resolution.

**Voting Intention**

The Chairman of the meeting intends to vote undirected proxies in favour of Resolution 2.

**Resolution 3 – Re-election of Director – Mr. Richard Eden**

Under Clause 16.3 of the Constitution, and Listing Rule 14.4, at every Annual General Meeting, any Directors appointed to fill a casual vacancy must retire, but are eligible for re-election at that Annual General Meeting.

Accordingly, Mr Eden retires at the Annual General Meeting and, being eligible, he offers himself for re-election as a Director.

Mr. Richard Eden has an extensive track record in managing business growth and a strong focus on solid contract and financial management. At Central Systems Pty Ltd (the recently acquired Company subsidiary, as announced on 3 October 2014), Mr. Eden is the Director responsible for corporate and commercial functions. This includes leading Central Systems Pty Ltd's health, safety, environment and quality management, financial, administration, commercial, tendering and estimating functions.

Prior to joining the Central Systems Pty Ltd Board in 2010, Mr. Eden spent the previous five years as a Director and General Manager of Cimeco Pty Ltd's civil and building divisions. Mr. Eden has over 24 years' experience in maintenance and construction contracting across Australia with specific experience in project management, tendering and estimating, commercial and contract management.

**Board Recommendation**

The Board (other than Mr. Eden) recommends Shareholders vote in favour of the Resolution.

**Voting Intention**

The Chairman of the meeting intends to vote undirected proxies in favour of Resolution 3.

**Resolution 4 – Re-election of Director – Mr. Andrew Ellison**

Under Clause 16.3 of the Constitution, and Listing Rule 14.4, at every Annual General Meeting, any Directors appointed to fill a casual vacancy must retire, but are eligible for re-election at that Annual General Meeting.

Accordingly, Mr Ellison retires at the Annual General Meeting and, being eligible, he offers himself for re-election as a Director.

Mr Andrew Ellison has extensive business experience and a successful track record in delivering business growth. At Central Systems Pty Ltd, Mr Ellison is the Director responsible for strategic business development, development of new capabilities and services, identification of new territories and markets and key client relationship management.

Prior to joining the Central Systems Pty Ltd Board in August 2012, Mr Ellison spent the previous seven years as a director of Forge Group Ltd and the Managing Director of the subsidiary construction business, Cimeco. He has over 30 years' experience in maintenance and construction contracting across Australia and West Africa including civil/concrete, commercial building, structural mechanical and piping, tanks and electrical services.

#### Board Recommendation

The Board (other than Mr. Ellison) recommends Shareholders vote in favour of the Resolution.

#### Voting Intention

The Chairman of the meeting intends to vote undirected proxies in favour of Resolution 4.

#### **Resolution 5 – Ratification of the grant of 6,000,000 Options**

As announced to ASX on 3 October 2014 the Company granted 6,000, 000 Options exercisable at 4 cents each on or before 28 July 2017 to Molonglo Pty Ltd, an adviser to the Company in lieu of cash advisory fees, pursuant to a Fee Arrangement Agreement dated 28 July 2014.

Subject to certain exceptions, Listing Rule 7.1 restricts a company from issuing equity securities in any 12 month period which amount to more than 15% of the Company's shares on issue at the commencement of that period without shareholder approval.

An exception to this rule contained in Listing Rule 7.4 provides that an issue made within the 15% limit will be treated as having been made with the approval of shareholders under Listing Rule 7.1 if subsequently approved by Shareholders, thereby "refreshing" the Company's ability to issue securities within the 15% limit. While the Options described in this Resolution 5 were issued within the 15% limit, the Company seeks Shareholder ratification of the grant of the Options for the purpose of Listing Rule 7.4, so that the Company's ability to issue securities will be refreshed and it will have the flexibility to issue further securities should the need or opportunity arise.

In accordance with the requirements of Listing Rule 7.5, the following information is provided to Shareholders to ratify the grant of 6,000,000 Options to Molonglo Pty Ltd.

- (a) The total number of Options granted was 6,000,000 on 28 July 2014.
- (b) The Options were granted in consideration for corporate advisory services provided by Molonglo Pty Ltd to the Company during 2014 in relation to the Company's acquisition of Central Systems Pty Ltd. No funds were therefore raised by the grant of the Options. Molonglo Pty Ltd is not a related party of the Company.
- (c) The terms of the Options are set out in Annexure A.
- (d) The Options are exercisable at 4 cents each on or before 28 July 2017.
- (e) If exercised the resulting Shares will be issued on the same terms as existing Shares currently on issue, the terms of which are in the public domain
- (f) If all the Options are exercised it will raise a total of \$240,000 for the Company, which will be applied as working capital.
- (g) A voting exclusion statement is included in the Notice of Meeting.

### Board Recommendation

The Board believes that refreshing the Company's ability to issue shares within the 15% limit is in the best interests of the Company, thereby maintaining its flexibility to make placements of securities without seeking shareholder approval if the need or opportunity arises. Accordingly, the Board recommends Shareholders vote in favour of the resolution.

### Voting Intention

The Chairman of the meeting intends to vote undirected proxies in favour of Resolution 5.

### **Resolution 6 – Approval of 10% placement facility**

Listing Rule 7.1A enables entities to issue Equity Securities up to 10% of its issued share capital through placements over a 12 month period after the annual general meeting (**10% Placement Facility**), provided a special resolution is passed at the annual general meeting, excluding any shareholders who may participate in the 10% Placement Facility. The 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a market capitalisation of \$300 million or less (excluding restricted securities and securities quoted on a deferred settlement basis).

The Company is an eligible entity.

At the date of this Notice, the Company has on issue 631,404,067 fully paid ordinary shares. Assuming the Company's Shares on issue do not change prior to the date of the Meeting, the Company will have the capacity over the course of the next 12 months to issue:

- (i) 94,710,610 Equity Securities under its 15% Placement Capacity; and
- (ii) 63,140,407 Equity Securities under its 10% Placement Capacity if Resolution 6 is approved,

without requiring further shareholder approval.

The Company is now seeking shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 10% Placement Facility, in order to enhance its capital raising capacity during the year following the AGM. The exact number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2. Further information is set out below.

The effect of Resolution 6 will be to allow the Directors to issue the Equity Securities under Listing Rule 7.1A during the 10% Placement Period (defined in section 6.3 below) without using the Company's 15% placement capacity under Listing Rule 7.1.

Resolution 6 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

## **6.1 Description of Listing Rule 7.1A**

### **(a) Shareholder Approval**

The ability to issue Equity Securities under the 10% Placement Facility is subject to shareholder approval by way of a special resolution at an annual general meeting.

### **(b) Equity Securities**

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company.

### **(c) Formula for calculating 10% Placement Facility**

Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an annual general meeting may issue or agree to issue, during the 12 month period after the date of the annual general meeting, a number of Equity Securities calculated in accordance with the following formula:

$$(A \times D) - E$$

**A** is the number of fully paid shares on issue 12 months before the date of issue or agreement:

- (i) plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;
- (ii) plus the number of partly paid shares that become fully paid in the 12 months;
- (iii) plus the number of fully paid shares issued in the 12 months with approval of holders of shares under Listing Rule 7.1 and 7.4. This does not include an issue of fully paid shares under the entity's 15% placement capacity without shareholder approval;
- (iv) less the number of fully paid shares cancelled in the 12 months.

Note that A has the same meaning in Listing Rule 7.1 when calculating an entity's 15% placement capacity.

**D** is 10%

**E** is the number of Equity Securities issued or agreed to be issued under the Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of shareholders under Listing Rule 7.1 or 7.4.

## **6.2 Minimum Issue Price**

The issue price of Equity Securities issued under Listing Rule 7.1A must be not less than 75% of the volume weighted average price (**VWAP**) of Equity Securities in the same class calculated over the 15 Trading Days immediately before:

- (a) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (b) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (a) above, the date on which the Equity Securities are issued.

## **6.3 10% Placement Period**

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A is valid from the date of the annual general meeting at which the approval is obtained and expires the earlier to occur of:

- (a) the date that is 12 months after the date of the annual general meeting at which approval is obtained; or

- (b) the date of the approval by shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main understanding), **(10% Placement Period)**.

#### **6.4 Specific Information required by Listing Rule 7.3A**

Pursuant to and in accordance with Listing Rule 7.3A, the following information is provided in relation to the approval of the 10% Placement Facility:

##### **Minimum Issue Price**

- (a) the Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities over the 15 Trading Days immediately before:
  - a. the date on which the price at which the Equity Securities are to be issued is agreed; or
  - b. if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (a) above, the date on which the Equity Securities are issued.

##### **Risk of economic and voting dilution**

- (b) If Resolution 6 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted as shown in the below table. There is a risk that:
  - (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Meeting;
  - (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date, and
  - (iii) the Equity Securities may be issued as part of or all of the consideration for the acquisition of a new asset,which may have an effect on the amount of funds raised by the issue of the Equity Securities.

The table below shows in Scenario 1 the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable "A" calculated in accordance with the formula in Listing Rule 7.1A(2) as at the date of this Notice.

The table also shows:

- (i) two scenarios, 2 and 3, where variable "A" has increased, by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
- (ii) two examples of where the issue price of ordinary securities has decreased by 50% and increased by 50% as against the current market price.

Variable "A" Scenarios		Possible issue of Shares		
		50% decrease in assumed current market price - \$0.05	assumed current market price - \$0.100	50% increase in assumed current market price - \$0.15
<b>Scenario 1</b> 631,404,067 Shares	<b>Dilution caused by use of entire 10% Placement Facility</b>	63,140,407 Shares	63,140,407 shares	63,140,407 Shares
	<b>Funds raised</b>	\$3,157,020	\$6,314,041	\$9,471,161
<b>Scenario 2</b> 947,106,100 Shares	<b>Dilution caused by use of entire 10% Placement Facility</b>	94,710,610 Shares	94,710,610 Shares	94,710,610 Shares
	<b>Funds raised</b>	\$4,735,530	\$9,471,061	\$14,206,591
<b>Scenario 3</b> 1,262,808,134 Shares	<b>Dilution caused by use of entire 10% Placement Facility</b>	126,280,813 Shares	126,280,813 Shares	126,280,813 Shares
	<b>Funds raised</b>	\$6,314,041	\$12,628,081	\$18,942,122

Scenario 1: the number of fully paid ordinary shares on issue, at the three different assumed market prices;

Scenario 2: an increase of 50% of the current number of fully paid ordinary shares on issue, at the three different assumed market prices.

Scenario 3: double the current number of fully paid ordinary shares on issue (this is possible if for example the Company conducts a capital raising within the next 12 months by way of an entitlements issue to shareholders, where shareholder approval is not required under Listing Rule 7.2, or it could occur with shareholder approval under Listing Rule 7.1 being obtained during the next 12 months following the AGM), at the three different assumed market prices.

**The table has been prepared on the following assumptions:**

- (i) The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
- (ii) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
- (iii) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of the Meeting.
- (iv) The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
- (v) The issue of Equity Securities under the 10% Placement Facility consists only of Shares. If the issue of Equity Securities includes Options, it is assumed that those Options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
- (vi) The assumed current market price is \$0.10 being the last price the Shares traded at on the ASX prior to this notice being issued.
- (vii) The exercise of any existing options is ignored.

**Period within which the 10% Placement Facility can be implemented**

- (c) The Company will only issue and allot the Equity Securities during the 10% Placement Period. The approval under Resolution 6 for the issue of the Equity Securities will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities or Listing Rule 11.2 (disposal of main undertaking) or 12 months expires from the date of approval.

**Purpose for which the 10% Placement Facility may be implemented**

- (d) The Company may seek to issue the Equity Securities for the following purposes:
  - i. non-cash consideration for the acquisition of new assets and investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3; or
  - ii. cash consideration. In such circumstances, the Company intends to allocate the funds for additional working capital and for investing into new project opportunities.

The Company will comply with the disclosure obligations under the Listing Rules 7.1A(4) and 3.10.5A upon issue of any Equity Securities. This will involve the Company giving ASX details of who the allottees are and how many Equity Securities they each received. In addition the Company will be required to release by way of ASX announcement the information set out in Listing Rule 3.10.5A, namely:

- (i) details about the dilution to the existing Shareholders caused by the issue of Equity Securities under the 10% Placement Facility;
- (ii) if cash is raised, an explanation why a pro rata issue or other type of issue allowing existing shareholders to participate was not adopted instead of or as well as using the 10% Placement Facility;
- (iii) details about any underwriting and underwriting fees paid, and
- (iv) details about any other fees or costs incurred in connection with the issue of Equity Securities under the 10% Placement Facility.

**Allocation Policy**

- (e) The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:
  - (i) the methods of raising funds that are available to the Company, including but not limited to, rights issue or other issue in which existing security holders can participate;
  - (ii) the effect of the issue of the Equity Securities on the control of the Company;
  - (iii) the financial situation and solvency of the Company; and
  - (iv) advice from corporate, financial and broking advisers (if applicable).

The allottees under the 10% Placement Facility have not been determined as at the date of this Notice but may include existing substantial Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company.

Further, if the Company is successful in acquiring new resources assets or investments, it is likely that the allottees under the 10% Placement Facility will be vendors of the new resources assets or investments.

#### **Prior Approvals under Listing Rule 7.1A**

- (f) The Company has previously obtained Shareholder approval under ASX Listing Rule 7.1A at its annual general meeting held on 28 November 2013. In accordance with Listing Rule 7.3A.6 the total number of Equity Securities issued in the 12 months preceding the date of this meeting is 498,985,172 fully paid ordinary shares and 6,000,000 options exercisable at 4 cents on or before 28 July 2014, representing 376.82% of the Equity Securities on issue at the commencement of the 12 month period. Details of these Issues are as follows:

**625,000 shares issued on 1 July 2014** - These fully paid ordinary shares (the terms of which are in the public domain) were issued for nil consideration, raising no funds, and representing a discount of 2.8 cents to the market price on the date of allotment, to employees of RDG under the Employee Incentive Plan 2012 adopted in February 2012 at a general meeting of shareholders.

<b>No of Shares</b>	<b>Name of allottee</b>
250,000	Wayne Anthony Peel
187,500	Gregory David O'Rourke
187,500	David Sourbutts
625,000	

**1,185,000 shares issued on 8 July 2014** - These fully paid ordinary shares (the terms of which are in the public domain) were issued for nil consideration, raising no funds, and representing a discount of 13.5 cents to the market price on the date of allotment, to employees of RDG under the Employee Incentive Plan 2012 adopted in February 2012 at a general meeting of shareholders.

<b>No of Shares</b>	<b>Name of allottee</b>
250,000	Wayne Anthony Peel
187,500	Gregory David O'Rourke
187,500	David Sourbutts
200,000	Raymond Mark Pugsley
200,000	Lazaro Manuel Roque –Albelo
160,000	Brian William de Swardt
1,185,000	

**497,175,172 shares issued on 3 October 2014** - These fully paid ordinary shares (the terms of which are in the public domain) were issued raising no funds, to all the shareholders of Central Systems Pty Ltd in consideration for which the Company acquired 100% of the issued capital of Central Systems Pty Ltd. This issue was in accordance with the Share Sale Agreement between the Company and Central

Systems Pty Ltd announced to the market on 4 August 2014 and was approved at a general meeting held by the Company on 18 September 2014. The non cash consideration for these shares in Central Systems Pty Ltd was \$19.88M (based on the the deemed issue price per Share of \$0.04 - being the company's closing share price on the last trading day before announcement of the Acquisition to the ASX). The current value of the non cash consideration paid for these shares in Central Systems Pty Ltd is \$49.7M (based on the company's current share price of \$0.10).

<b>No of Shares</b>	<b>Name of allottee</b>
105,649,724	Seafire Holdings Pty Ltd ATF Seafire Trust
105,649,724	Mathew Reid Project Management Pty Ltd ATF The GM Reid Family Trust
105,649,724	Amphora Pty Ltd ATF the Purple Trust
74,576,276	CIVUG Pty Ltd The Batchelor Concrete Trust
60,220,343	Richard James Eden ATF the Eden Family Trust
26,412,431	Stephen Kroll ATF the Kroll Family Trust
10,564,972	Christopher Benson ATF The Benson Family Trust
8,451,978	Graeme Flower ATF the Flower Family Trust
497,175,172	

**6,000,000 unlisted options issued on 3 October 2014** - These unlisted options are exercisable at 4 cents on or before 28 July 2017 and otherwise on the terms set out in Annexure A. They were issued in consideration for corporate advisory services provided to the Company during 2014 in relation to the Company's acquisition of Central Systems Pty Ltd. No funds were therefore raised by the grant of the Options. The exercise price of 4 cents represents a discount of 7 cents to the market price on the date of allotment. The non cash consideration for these options was \$102,000 using the Black & Scholl's method of valuing options. The key assumptions used in this calculation were:

- Strike price - 4.0 cents
- Share price - 4.0 cents
- Interest Rate – 3.0%
- Time - 3 years
- Volatility – 60%

The current value of the non cash consideration paid for these options is \$360,000 (based on the company's current share price of \$0.10 less the exercise price of \$0.04)

<b>No of Options</b>	<b>Name of allottee</b>
6,000,000	Molonglo Pty Ltd
6,000,000	

## **Resolution 7 –Approval of the Resource Development Group Limited Employee Incentive Plan 2014**

Resolution 7 seeks shareholder approval for a new incentive plan, being the Resource Development Group Limited Employee Incentive Plan 2014 (**2014 Plan**). The Board is responsible for administering the 2014 Plan in accordance with the 2014 Plan Rules and the terms and conditions of the specific grants to participants under the 2014 Plan.

In summary, eligible participants are all the employees of the Company or its subsidiaries (including all the Directors) who have not resigned or been given notice of termination of employment. Eligible participants will be invited by the Board to apply for an “Incentive” which is the right to subscribe for or purchase one Share. An Incentive is a conditional contract between the holder of the Incentive and the Company whereby the Company has contracted to issue a Share to the Incentive holder, the performance of which is conditional on certain performance related hurdles or “vesting conditions” being achieved by the Company’s operational and financial performance.

Each Incentive will have an issue price and an exercise price, both of which could be nil, and will be subject to a set period within which it may be exercised, being no more than 10 years after the date the Incentive was issued.

An Incentive is capable of being exercised when any specified vesting conditions set out in the letter of invitation by the Board have been satisfied. The vesting conditions will be linked to the Company’s operational and financial performance and the employees’ completion of a certain amount of continuous employment with the Company or its subsidiaries.

When an Incentive is issued with a nil exercise price it is called a Performance Right. A certificate is issued by the Company for each Incentive applied for and issued. When the vesting conditions have been satisfied and if an Incentive is then exercised by the holder of the Incentive, the Company is obliged to issue one Share to the holder of the Incentive.

Different rules apply for the lapse of Incentives where an Incentive holder dies or termination of employment with the Company occurs for various reasons, or where a change of control occurs in relation to the Company as defined in the 2014 Plan. On a reconstruction of the Company’s share capital or on a bonus issue taking place, the Incentives are adjusted appropriately.

The 2014 Plan permits unilateral amendment by the Company to the terms of Incentives which have been granted, in certain situations such as to take into account adverse tax effects, but generally the terms of grant of the Incentives require the agreement of the Company and the Incentive holder.

Any Shares issued under the 2014 Plan will rank equally with those traded on the ASX at the time of issue.

The Company’s share trading policy set out in its corporate governance policies from time to time will apply to all holders of Shares upon exercise of Incentives, which means that during the specified blackout periods, no Shares can be sold, transferred or disposed of.

### **Listing Rule 7.2 Exception 9**

Listing Rule 7.1 provides that a company must not, without prior approval of Shareholders, issue securities if the securities will in themselves or when aggregated with the securities issued by a company during the previous 12 months, exceed 15% of the number of securities on issue at the

commencement of that 12 month period. Shareholder approval of the 2014 Plan is sought under Listing Rule 7.2 exception 9 so that any securities issued under the 2014 Plan will be excluded from the calculation of the maximum number of new securities that can be issued by the Company in any 12 month period (currently 15% of securities previously on issue) for a period of three years from the date of Shareholder approval. Shareholder approval for the establishment of the 2014 Plan will serve to limit the restrictive effect of Listing Rule 7.1 on any further issues of securities in the next 12 months, and the Shareholder approval remains effective for the next three year period.

The Board is not competent to consider or recommend Resolution 7 to Shareholders other than for the purpose of putting Resolution 7 to Shareholders in accordance with Section 195 of the Corporations Act. All of the Directors may be eligible to participate in the 2014 Plan and therefore all of the Directors and their associates are excluded from voting in relation to Resolution 7.

## **Annexure A: Terms of the Options (Resolution 5)**

The terms and conditions of the Options are as follows:

### **1. Entitlement**

Each Option entitles the holder of the Option (**Holder**) to subscribe for one ordinary share (**Share**) in Resource Development Group Limited ACN 149 028 142 (**RDG**) upon exercise of such Option.

### **2. Exercise Price**

Each Option shall have an exercise price of A\$0.04 (**Exercise Price**).

### **3. Expiry Date**

The Options are exercisable at any time on or prior to 5.00pm Australian Western Standard Time on 28<sup>th</sup> July 2017 (**Option Exercise Period**).

### **4. Option Exercise Period**

The Options are exercisable at any time during the Option Exercise Period and may only be exercised during the Option Exercise Period.

Reminder notices will be forwarded to the Holder prior to the expiry of the Options. Options not exercised before the expiry of the Option Exercise Period will lapse.

### **5. No Official Quotation of Options**

RDG will not apply to the Australian Securities Exchange (**ASX**) for official quotation of the Options.

### **6. Notice of Exercise**

The Options may be exercised by giving written notice to RDG at any time during the Option Exercise Period. The notice (**Exercise Notice**) must:

- (a) specify the number of Options being exercised and the number of Shares to be issued;
- (b) specify whether the Shares are to be issued to the Holder or a nominee; and
- (c) be accompanied by payment of the Exercise Price for each Option being exercised.

Any Exercise Notice in respect of an Option received by RDG will be deemed to be a notice of the exercise of that Option as at the date of receipt.

**7. Minimum Tranches**

The Holder agrees to not exercise the Options in tranches of less than 2 million Options unless otherwise agreed by the Holder and RDG.

**8. Shares Issued on Exercise**

Shares issued on exercise of Options rank equally with the then Shares currently on issue.

**9. Timing of issue of Shares**

Within 15 business days after the later of the following receipt of a Notice of Exercise given in accordance with these terms and conditions and payment of the Exercise Price for each Option being exercised, RDG will:

- (a) allot and issue the Shares pursuant to the exercise of the Options;
- (b) give ASX a notice that complies with section 708A(5)(e) of the *Corporations Act 2001* (Cth) (**Corporations Act**), unless it is unable to do so (including because the criteria in "case 1" of section 708A of the Corporations Act cannot be met) in which case:
  - (i) RDG will lodge a prospectus with the Australian Securities and Investments Commission, within 30 days after the issue of Shares pursuant to the exercise of the Options, that qualifies these Shares for resale under section 708A(11) of the Corporations Act; and
  - (ii) until RDG has issued the prospectus under clause 9(b)(i), the Holder will only transfer these Shares issued pursuant to the exercise of the Options to a person that comes within a disclosure exemption under section 708 of the Corporations Act; and
- (c) apply for official quotation on the ASX of the Shares issued pursuant to the exercise of the Options.

**10. Participation in New Issues**

There are no participation rights or entitlements inherent in the Options, including any entitlements to dividends, and the Holder will not be entitled to participate in new issues of capital offered to shareholders in RDG during the currency of the Options. However, RDG will send a notice to the Holder informing them of the new issues of capital in accordance with ASX Listing Rules.

**11. Adjustment for bonus issues of Shares**

If RDG makes a bonus issue of Shares or other securities to existing shareholders of RDG (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):

- (a) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the Holder would have received if the Holder had exercised the Option before the record date for the bonus issue; and
- (b) no change will be made to the Exercise Price.

**12. Adjustment for Rights Issue**

If RDG makes an issue of Shares pro rata to existing shareholders of RDG (except a bonus issue), the Exercise Price of an Option will be adjusted in accordance with Listing Rule 6.22 of the ASX Listing Rules.

**13. Adjustments for Reorganisation**

If there is any reorganisation of the issued share capital of RDG, the rights of the Holder will, be varied to the extent necessary to comply with the ASX Listing Rules which apply to the reorganisation at the time of the reorganisation.

**14. Options Transferable**

The Options are only transferable in whole or in part at any time prior to expiry to persons who fall within a disclosure exemption under section 708 of the Corporations Act.

**15. General Meetings**

The Holder, if appearing on RDG's register of option holders at the relevant date, will be entitled to receive and will be sent all reports and accounts required to be laid before the shareholders of RDG in general meeting and all notices of general meetings and will have the right to attend but shall have no right to vote at such meetings in respect of any Option held.

## DEFINITIONS

**\$** means an Australian dollar.

**10% Placement Facility** has the meaning given in the Explanatory Memorandum under Resolution 6.

**10% Placement Period** has the meaning given in the Explanatory Memorandum under Resolution 6.

**ASX** means ASX Limited (ACN 008 624 691) and where the context permits the Australian Securities Exchange operated by ASX Limited.

**ASX Listing Rules** and **Listing Rules** mean the official listing rules of ASX.

**Board** means the board of directors of the Company.

**Company** or **Resource Development Group** or **RDG** means Resource Development Group Ltd (ACN 149 028 142).

**Constitution** means the Company's constitution.

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

**Director** means a Director of the Company and **Directors** means the directors of the Company.

**Explanatory Memorandum** means this explanatory memorandum accompanying the Notice of Annual General Meeting.

**Meeting** means the meeting of Shareholders convened by the Notice of Annual General Meeting.

**Notice** means this Notice of Annual General Meeting.

**Option** means an option to subscribe for one Share.

**Placement Period** means the period of time allowed under the ASX Listing Rules.

**Remuneration Report** means the remuneration report as contained in the Company's annual financial report for the financial year ended 30 June 2014.

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

**Shareholder** means a shareholder of the Company.

**WST** means Western Standard Time as observed in Perth, Western Australia.