



# Alkane Resources Ltd

ACN 000 689 216

## NOTICE OF ANNUAL GENERAL MEETING EXPLANATORY STATEMENT AND PROXY FORM

FOR THE ANNUAL GENERAL MEETING OF THE COMPANY TO BE HELD AT  
SIR STAMFORD AT CIRCULAR QUAY, 93 MACQUARIE STREET, SYDNEY NSW 2000  
ON WEDNESDAY, 16 NOVEMBER 2016 AT 10.30am (SYDNEY TIME)

### ***THIS DOCUMENT IS IMPORTANT***

*If you do not understand this document or are in doubt as to how you should vote, you should consult your stockbroker, solicitor, accountant or other professional adviser.*

FOR THOSE SHAREHOLDERS WHO HAVE ELECTED TO RECEIVE A PRINTED COPY OF THE ANNUAL REPORT, THE 2016 ANNUAL REPORT ACCOMPANIES THIS NOTICE. THE REPORT IS ALSO AVAILABLE ON THE COMPANY'S WEBSITE:

**[www.alkane.com.au](http://www.alkane.com.au)**



# Alkane Resources Ltd

ACN 000 689 216

## NOTICE OF ANNUAL GENERAL MEETING

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Notice is hereby given that the Annual General Meeting of Shareholders of Alkane Resources Ltd (**Alkane** or the **Company**) will be held at Sir Stamford at Circular Quay, 93 Macquarie Street, Sydney NSW 2000 on Wednesday, 16 November 2016 at 10.30am (Sydney time) (**Annual General Meeting** or **Meeting**).

### ORDINARY BUSINESS

#### ACCOUNTS AND REPORTS

To receive and consider the financial report of the Company, the Directors' report (including the remuneration report) and the Auditor's report for the year ended 30 June 2016.

#### RESOLUTION 1: ADOPTION OF REMUNERATION REPORT

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

*That the remuneration report, which forms part of the Directors' report for the financial year ended 30 June 2016, be adopted.*

**Note:** In accordance with section 250R(3) of the *Corporations Act 2001* (Cth) (**Corporations Act**), the vote on this Resolution will be advisory only and does not bind the Directors or the Company.

A Voting Exclusion Statement for this Resolution is set out below.

#### RESOLUTION 2: RE-ELECTION OF DIRECTOR – MR JOHN STUART FERGUSON DUNLOP

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

*That Mr John Stuart Ferguson Dunlop, who retires in accordance with rule 3.6(a) of the Company's constitution and, being eligible for re-election, be re-elected as a Director of the Company.*

#### RESOLUTION 3: APPROVAL OF THE COMPANY'S EMPLOYEE BONUS SHARE PLAN

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

*That, for the purposes of ASX Listing Rule 7.2 (Exception 9(b)) and for all other purposes, Shareholders approve the Alkane Resources Employee Bonus Share Plan, the terms of which are summarised in the Explanatory Statement accompanying this Notice of Meeting, and the issue of securities and the giving of benefits (including the issue of Shares) under the Alkane Resources Employee Bonus Share Plan from time to time.*

A Voting Exclusion Statement for this Resolution is set out below.

#### RESOLUTION 4: RATIFICATION OF PAST ISSUE OF SHARES TO EMPLOYEES

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

*That, for the purposes of ASX Listing Rule 7.4 and all other purposes, Shareholders approve the prior issue of 7,187,345 Shares to eligible employees of the Company, as more fully described in the Explanatory Statement accompanying this Notice of Meeting.*

A Voting Exclusion Statement for this Resolution is set out below.

## **RESOLUTION 5 APPROVAL OF AMENDED ALKANE RESOURCES PERFORMANCE RIGHTS PLAN**

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

*That, for the purpose of ASX Listing Rule 7.2 (Exception 9(b)), sections 200B and 200E of the Corporations Act and for all other purposes, Shareholders approve the amended Alkane Resources Performance Rights Plan, the terms of which are summarised in the Explanatory Statement accompanying this Notice of Meeting, and the issue of securities and the giving of benefits under the Alkane Resources Performance Rights Plan from time to time (including the grant of Performance Rights and the issue of Shares upon vesting of Performance Rights issued under the Alkane Resources Performance Rights Plan).*

A Voting Exclusion Statement for this Resolution is set out below.

## **RESOLUTION 6 ADOPTION OF PROPORTIONAL TAKEOVER PROVISIONS**

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

*That, with effect from the close of the Meeting and in accordance with section 136 of the Corporations Act, the constitution of the Company be altered by inserting and adopting as rule 37 of the constitution of the Company the proportional takeover approval provisions in the form they took as rule 37 of the constitution of the Company immediately before they ceased to apply on 17 October 2016.*

Dated: 12 October 2016

By order of the Board of Directors

Karen E V Brown  
**Company Secretary**

## VOTING EXCLUSIONS AND PROHIBITIONS

**Resolution 1:** Pursuant to section 250R(4) of the Corporations Act, the Company will disregard any votes cast on Resolution 1 by or on behalf of:

- a member of the key management personnel of the Company's consolidated group (at the date of the meeting or whose remuneration is disclosed in the remuneration report) (**KMP**); and
  - their closely related parties (such as close family members and any controlled companies),
- (each a **Prohibited Person**).

However, the Company will not disregard a vote if the vote is cast:

- by a Prohibited Person as proxy appointed in writing, that specifies how the proxy is to vote on a proposed Resolution, and the vote is not cast on behalf of a Prohibited Person; or
- by the Chairman of the Meeting as proxy for a person entitled to vote and who does not specify a voting direction on the proxy form provided that the proxy appointment expressly authorises the Chairman of the Meeting to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of KMP.

**Resolution 3:** The Company will disregard any votes cast on Resolution 3 by, or on behalf of:

- any Director of the Company (except one who is ineligible to participate in the Alkane Resources Bonus Share Plan) and their associates; and
- a member of KMP (and their closely related parties), acting as proxy,

unless the vote is cast by a person as proxy for a person entitled to vote in accordance with a direction on the proxy appointment, or by the Chairman of the Meeting as proxy for a person entitled to vote and the proxy appointment expressly authorises the Chairman of the Meeting to vote undirected proxies as the Chairman sees fit and exercise the proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the KMP.

**Resolution 4:** The Company will disregard any votes cast on Resolution 4 by, or on behalf of:

- any person who participated in the issue; and
- an associate of such a person,

unless the vote is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy appointment, or by the Chairman of the Meeting as proxy for a person who is entitled to vote in accordance with the direction on the proxy appointment to vote as the proxy decides.

**Resolution 5:** The Company will disregard any votes cast on Resolution 5 by, or on behalf of:

- any Director of the Company (except one who is ineligible to participate in the Alkane Resources Performance Rights Plan) and their associates; and
- a member of KMP (and their closely related parties), acting as proxy,

unless the vote is cast by a person as proxy for a person entitled to vote in accordance with a direction on the proxy appointment, or by the Chairman of the Meeting as proxy for a person entitled to vote and the proxy appointment expressly authorises the Chairman of the Meeting to vote undirected proxies as the Chairman sees fit and exercise the proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the KMP.

For the purposes of these voting exclusions and prohibitions:

- the KMP (or key management personnel) for the Company's consolidated group are those persons having authority and responsibility for planning, directing and controlling the activities of the Company's consolidated group, directly or indirectly, including any director (whether executive or otherwise) of a member of the Company's consolidated group;
- a closely related party of a member of KMP means:
  - a spouse or child of the member;
  - a child of the member's spouse;
  - a dependant of the member or of 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 entity; or
  - a company the member controls.

## NOTES

### Intention of Chairman

The Chairman of the Meeting (where appropriately authorised) intends to vote all available undirected proxies in favour of all Resolutions.

### Eligibility to vote

The board of Directors of the Company (**Board**) has determined, pursuant to Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth), that persons who are registered holders of shares of the Company (**Shares**) as at 7.00pm (Sydney time) on Monday, 14 November 2016 will be entitled to attend and vote at the Annual General Meeting.

If more than one joint holder of Shares is present at the Annual General Meeting (whether personally, by proxy or by attorney or by representative) and tenders a vote, only the vote of the joint holder whose name appears first on the register will be counted.

### Appointment of proxies

A Shareholder has the right to appoint a proxy, who need not be a Shareholder of the Company. Shareholders entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the appointment does not specify this proportion, each proxy may exercise half the votes.

Sections 250BB and 250BC of the Corporations Act apply to voting by proxy. Generally, these sections mean that if proxy holders vote, they must cast all directed proxies as directed, and any directed proxies that are not voted will automatically default to the Chairman of the Meeting, who must vote the proxies as directed. If the proxy has two or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands.

Information about voting by proxy, including appointing a proxy and lodging a Proxy Form, is set out in instructions included in the Proxy Form that accompanies this Notice of Meeting.

Votes by proxy must be received no later than 10.30am (Sydney time) on Monday, 14 November 2016. **Proxy forms received later than this time will be invalid.**

### Corporate representatives

A body corporate which is a Shareholder, or that has been appointed as a proxy, may appoint a person to act as its representative at the Annual General Meeting. The appointment of the representative must comply with the requirements under section 250D of the Corporations Act. The representative should bring to the Annual General Meeting evidence of his or her appointment as the body corporate's representative, including any authority under which the appointment is signed, unless it has previously been given to the Company.



# Alkane Resources Ltd

ACN 000 689 216

## EXPLANATORY STATEMENT

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This Explanatory Statement is prepared for the benefit of Shareholders of Alkane (**Shareholders**) to better understand the Resolutions to be put to the Annual General Meeting of the Company to be held at Sir Stamford at Circular Quay, 93 Macquarie Street, Sydney NSW 2000 on Wednesday, 16 November 2016 at 10.30am (Sydney time).

This Explanatory Statement forms part of, and should be read together with, the notice of meeting (together, the **Notice** or **Notice of Meeting**).

### ACCOUNTS AND REPORTS

The Company's financial report, the Directors' report (including the remuneration report) and the Auditor's report for the year ended 30 June 2016 will be laid before the Annual General Meeting. A copy of the Company's 2016 Annual Report, which includes these reports, is available on the Company's website at [www.alkane.com.au](http://www.alkane.com.au) and on ASX's website [www.asx.com.au](http://www.asx.com.au).

There is no requirement for Shareholders to approve these reports. Shareholders will be given a reasonable opportunity at the Annual General Meeting to ask questions or make comments about these reports and the management of the Company. Shareholders will also be given a reasonable opportunity to ask the Company's auditor questions about the conduct of the audit, the preparation and content of the Auditor's report, the accounting policies adopted by the Company in relation to the preparation of the financial statements and the independence of the auditor in relation to the conduct of the audit.

### RESOLUTION 1: ADOPTION OF REMUNERATION REPORT

The Corporations Act requires the Company to put a resolution to Shareholders that the remuneration report be adopted. The vote on this Resolution is advisory only and does not bind the Directors or the Company. However, the outcome of the vote will be considered by the Company's Remuneration Committee and Nomination Committee when evaluating the remuneration arrangements of the Company in the future.

The remuneration report of the Company for the period ended 30 June 2016 is set out on pages 38 to 48 of the Company's 2016 Annual Report. This report includes information about the principles used to determine the nature and amount of remuneration, and sets out the remuneration arrangements for each Director and KMP.

As set out in the remuneration report, in determining executive remuneration, the Board aims to ensure that remuneration practices:

- (a) are competitive and reasonable, enabling the Company to attract and retain key talent while building a diverse, sustainable and high achieving workforce;
- (b) are aligned to the Company's strategic and business objectives and the creation of Shareholder value;
- (c) promote a high performance culture recognising that leadership at all levels is a critical element in this regard;
- (d) are transparent; and
- (e) are acceptable to Shareholders.

Further details regarding the Company's remuneration policy and structure as to executive and non-executive remuneration are set out on pages 39 to 42 of the 2016 Annual Report.

Shareholders will be given a reasonable opportunity to ask questions about, or comment on, the remuneration report at the Annual General Meeting.

**Directors' recommendation:** The Directors recommend that Shareholders vote in favour of adopting the remuneration report.

## **RESOLUTION 2: RE-ELECTION OF DIRECTOR – MR JOHN STUART FERGUSON DUNLOP**

In accordance with the Company's constitution, Mr John Stuart Ferguson Dunlop retires as a Director of the Company and, being eligible, offers himself for re-election.

Rule 3.6(a) of the Company's constitution provides that at each annual general meeting of the Company, one third of the Directors (other than the Managing Director) must retire from office. The Directors to retire at an annual general meeting are those who have held office the longest since their last election. If two or more Directors have held office for the same period, those Directors may agree between themselves which of them will retire otherwise they are to draw lots. Mr Dunlop, having held office the longest since last being elected or appointed, retires and is eligible for re-election.

Mr Dunlop (BE (Min), MEng Sc (Min), FAusIMM (CP), FIMM, MAIME, MCIMM) is a consultant mining engineer with over 46 years surface and underground mining experience both in Australia and overseas. He is a former Director of the Australasian Institute of Mining and Metallurgy (2001 - 2006) and is a Board member and past Chairman of MICA (Mineral Industry Consultants Association).

Mr Dunlop was non-executive chairman of Alliance Resources Limited (appointed 30 November 1994, resigned 31 May 2016). He has also been a non-executive director of Copper Strike Limited (9 November 2009 - 6 June 2014) and a director of Gippsland Limited (1 July 2005 - 12 July 2013). Mr Dunlop is also a certified arbitrator and mineral asset valuer and consults widely overseas.

Mr Dunlop, was appointed as non-executive Director and Chairman of the Company on 3 July 2006. He is a member of the Audit Committee and is chairman of the Remuneration and Nomination Committees.

**Directors' recommendation:** The Directors (other than Mr Dunlop because of his interest in this Resolution) unanimously recommend that Shareholders vote in favour of Resolution 2.

## **RESOLUTION 3: APPROVAL OF THE COMPANY'S EMPLOYEE BONUS SHARE PLAN**

### **Background**

The Alkane Employee Bonus Share Plan (**Bonus Share Plan**) has been established in a manner consistent with the Company's remuneration policies. As set out above, Alkane aims to ensure that remuneration practices for all employees of Alkane (and its subsidiaries):

- (a) are competitive and reasonable, enabling the company to attract and retain key talent while building a diverse, sustainable and high achieving workforce;
- (b) are aligned to the company's strategic and business objectives and the creation of Shareholder wealth;
- (c) promote a high performance culture;
- (d) are transparent; and
- (e) are acceptable to Shareholders.

Under the terms of the Bonus Share Plan, eligible employees (**Bonus Share Plan Participants**) will have the opportunity to participate in a discretionary, short term incentive plan which allows those Bonus Share Plan Participants to subscribe for Shares, at no cost to them, in addition to their base salary and superannuation.

Resolution 3 seeks Shareholder approval of the Bonus Share Plan and the issue of securities and giving of benefits under the Bonus Share Plan from time to time, for the purposes of ASX Listing Rule 7.2 (Exception 9(b)) and for all other purposes.

### **ASX Listing Rule approval**

Shareholder approval is being sought to approve the issue of Shares under the Employee Bonus Share Plan so that the Company will satisfy ASX Listing Rule 7.2, Exception 9 (as an exception to ASX Listing Rule 7.1).

ASX Listing Rule 7.1 provides that, without the approval of shareholders, an entity must not issue or agree to issue equity securities which amount to more than 15% of its issued share capital in any rolling 12 month period. However, ASX Listing Rule 7.2 sets out a number of exceptions to ASX Listing Rule 7.1. These exceptions include ASX Listing Rule 7.2, Exception 9, which relates to an issue under an employee incentive scheme if, within three years before the date of issue, Shareholders have approved the issue of securities under the scheme.

Resolution 3 seeks Shareholder approval, for the purposes of ASX Listing Rule 7.2, Exception 9(b), and for all other purposes, of the Bonus Share Plan and the issue of Shares under that plan.

If Resolution 3 is approved, all Shares issued under the Bonus Share Plan will be excluded from the 15% limit imposed by ASX Listing Rule 7.1 for a period of three years from the date of the approval.

If Shareholders do not approve this Resolution 3, the Company may still issue Shares under the Bonus Share Plan, but any Shares may be taken into account when calculating whether the 15% limit under ASX Listing Rule 7.1 has been reached.

### **Information required by ASX Listing Rule 7.2 (Exception 9(b))**

In accordance with ASX Listing Rule 7.2 (Exception 9(b)), the following information is provided in respect of the Bonus Share Plan:

- (a) A summary of the rules of the Bonus Share Plan, as approved by the Board, is set out in Annexure A of this Explanatory Statement. A copy of the full terms of the Bonus Share Plan can, on request, be sent free of charge to any Shareholder.

Under the Bonus Share Plan, Bonus Share Plan Participants may be issued bonus Shares for nil consideration, in addition to their base salary and superannuation. Bonus Share Plan Participants can be full-time or part-time employees of Alkane (or a subsidiary of Alkane). However, Directors, casual employees and contractors to Alkane are not eligible to participate in the Bonus Share Plan.

- (b) The Bonus Share Plan is a new plan and has not previously been approved by Shareholders. As at the date of this Notice, Shares have been issued under the Bonus Share Plan using the Company's 15% placement capacity under ASX Listing Rule 7.1 (being the 7,187,345 Shares the subject of Resolution 4). -.

- (c) A voting exclusion statement for Resolution 3 is included in the Notice.

### **KMP participation**

The Company currently does not intend that KMP, namely Michael Ball (Chief Financial Officer), Nicholas Earner (Chief Operating Officer) and Karen Brown (Company Secretary), will be entitled to participate in the Plan. Details of their remuneration, including incentive arrangements, are set out in the 2016 remuneration report.

### **Potential dilution**

If the Shares are issued under the terms of the Bonus Share Plan, this will have a diluting effect on the percentage interest of existing Shareholders' holdings.

**Directors' recommendation:** The Directors unanimously recommend that Shareholders vote in favour of Resolution 3.

## **RESOLUTION 4: RATIFICATION OF PAST ISSUE OF SHARES TO EMPLOYEES**

### **Background to Resolution 4**

On 23 September 2016, the Company issued 7,187,345 Shares to eligible Company employees (other than those in the management team), for nil consideration, on achievement of key performance indicators in accordance with the Bonus Share Plan (the **Bonus Shares**). The terms and conditions attached to the Bonus Share Plan have been summarised in connection with Resolution 3 above, and are described in further details in Annexure A to this Notice.

For the avoidance of doubt, the Bonus Shares, while issued under the terms of the Bonus Share Plan, were issued prior to Alkane seeking Shareholder approval of the Bonus Share Plan for the purposes of ASX Listing 7.2 (Exception 9). Accordingly, the Bonus Shares were issued using the Company's 15% placement capacity under ASX Listing Rule 7.1.

### **ASX Listing Rule requirements**

ASX Listing Rule 7.1 provides that, without the approval of Shareholders, an entity must not issue or agree to issue equity securities which amount to more than 15% of its issued share capital in any rolling 12 month period. The Bonus Shares were issued within this 15% threshold.



ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

Resolution 4 seeks Shareholder approval under ASX Listing Rule 7.4 to approve the prior issue of the Bonus Shares. The effect of approval of Resolution 4 will be that the issue of the Bonus Shares will not be counted towards reducing the number of securities which the Company can issue in the future without Shareholder approval under the 15% limit imposed by ASX Listing Rule 7.1. The result is that the 15% limit under ASX Listing Rule 7.1 will be "refreshed" to the extent of the approval so that the Company has a renewed ability to issue securities up to the 15% limit. By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

If Resolution 4 is not approved by Shareholders, it may limit the ability of the Company to issue securities without Shareholder approval until the Company's 15% capacity is replenished, in accordance with ASX Listing Rule 7.1.

#### **Information required by ASX Listing Rule 7.5**

In accordance with ASX Listing Rule 7.5, the Company provides the following information:

- (a) A total of 7,187,345 Bonus Shares were issued by the Company on 23 September 2016.
- (b) The Bonus Shares were issued for nil consideration, in accordance with the terms of the Bonus Share Plan.
- (c) The Bonus Shares issued are fully paid ordinary shares in the Company and rank equally with all other fully paid ordinary shares on issue.
- (d) The allottees of the Bonus Shares were "Eligible Employees", as defined in the Bonus Share Plan (see summary provided in connection with Resolution 3 above) and as determined by the Directors. None of the allottees of the Bonus Shares were Directors, associates of Directors or related parties of the Company.
- (e) No funds were raised in connection with the issue of Bonus Shares contemplated by this Resolution 4, as they were issued for nil consideration.
- (f) A voting exclusion statement is included in this Notice of Meeting.

**Directors' recommendation:** The Directors unanimously recommend that Shareholders vote in favour of Resolution 4.

#### **RESOLUTION 5: APPROVAL OF ALKANE RESOURCES PERFORMANCE RIGHTS PLAN**

##### **Background**

The Alkane Resources Performance Rights Plan (**Performance Rights Plan**) was established in 2011 and was last approved at the Company's 2013 annual general meeting.

The Performance Rights Plan is designed to assist in the recruitment, reward, retention and motivation of certain employees (**Performance Rights Plan Participant**), as determined by the Board from time to time. Under the Plan, the Board may grant to an eligible employee rights to acquire Shares in the Company (**Performance Rights**), subject to the terms of the Performance Rights Plan.

The Board has resolved to amend the terms of the Performance Rights Plan, since its last approval by Shareholders, in the following ways (primarily this is so that the operation of the Performance Rights Plan aligns with the latest taxation laws):

- (a) to contemplate the deferred conversion of Performance Right into Shares upon vesting; and
- (b) to include an amended method of exercise for a vested Performance Right (to contemplate automatic and manual exercise).

Resolution 5 seeks Shareholder approval of the amended Performance Rights Plan and the issue of securities and giving of benefits under the Performance Rights Plan from time to time, for the purposes of ASX Listing Rule 7.2 (Exception 9(b)), sections 200B and 200E of the Corporations Act and for all other purposes.

## ASX Listing Rule approval

Shareholder approval is being sought to approve the grant of Performance Rights under the Performance Rights Plan (and Shares issued on vesting of such Performance Rights) so that the Company will satisfy Listing Rule 7.2, Exception 9 (as an exception to Listing Rule 7.1).

ASX Listing Rule 7.1 provides that, without the approval of shareholders, an entity must not issue or agree to issue equity securities which amount to more than 15% of its issued share capital in any rolling 12 month period. However, Listing Rule 7.2 sets out a number of exceptions to Listing Rule 7.1. These exceptions include Listing Rule 7.2 (Exception 9), which relates to an issue under an employee incentive scheme if, within three years before the date of issue, Shareholders have approved the issue of securities under the scheme. Accordingly, if Shareholders approve this Resolution, the grant of Performance Rights (and the issue of any new Shares upon vesting of such Performance Rights) under the Performance Rights Plan will be excluded from the 15% limit imposed by ASX Listing Rule 7.1 for a period of three years from the date of the Annual General Meeting.

If Resolution 5 is approved, all Performance Rights granted under the Performance Rights Plan (and Shares issued on exercise of those Performance Rights) will be excluded from the 15% limit imposed by Listing Rule 7.1 for a period of three years from the date of the approval.

If Shareholders do not approve this Resolution 5, the Company may still issue Performance Rights (and Shares issued on vesting of such Performance Rights) under the Performance Rights Plan, but any Performance Rights (or Shares) may be taken into account when calculating whether the 15% limit under ASX Listing Rule 7.1 has been reached.

### Information required by ASX Listing Rule 7.2 (Exception 9(b))

In accordance with ASX Listing Rule 7.2 (Exception 9(b)), the following information is provided in respect of the Performance Rights Plan:

- (a) A summary of the rules of the amended Performance Rights Plan, as approved by the Board, is set out in Annexure B of this Explanatory Statement. A copy of the full terms of the Performance Rights Plan can, on request, be sent free of charge to any Shareholder.
- (b) Since the date of the last approval of Performance Rights Plan by Shareholders, the following securities have been issued under that Performance Rights Plan (as at the date of this Notice):
  - (i) 5,861,105 Performance Rights to senior management personnel (including 1,000,000 to Mr D Ian Chalmers in 2014 as approved by Shareholders at the Company's 2014 annual general meeting);
  - (ii) 4,945,307 Performance Rights to senior management personnel (including 843,479 to Mr D Ian Chalmers in 2015 as approved by Shareholders at the Company's 2015 annual general meeting); and
  - (iii) 1,161,638 Shares on vesting of Performance Rights.

As at the date of this Notice, a total of 7,204,278 Performance Rights remain on issue and unvested.

- (c) A voting exclusion statement for Resolution 5 is included in the Notice.

### Sections 200B and 200E of the Corporations Act

The Corporations Act provides that the Company may only give a person a benefit in connection with their ceasing to hold a "managerial or executive office" in the Company or its related bodies corporate if it is approved by Shareholders or an exemption applies (for example, where the benefit together with other benefits does not exceed the payment limits set out in the Corporations Act, including where the aggregate benefits do not exceed one year's average base salary).

This restriction will apply to all KMP. The term "benefit" is open to a wide interpretation and may include the early vesting of Performance Rights under the Performance Rights Plan. As outlined in the summary of the Plan in Annexure B to this Explanatory Statement, early vesting may occur, subject to the Directors' discretion, on the cessation of the Participant's employment for a **Qualifying Reason** (such as death, total and permanent disablement or retirement of the Participant).

Shareholder approval of Resolution 5 is also sought so that the grant of Performance Rights, and issue of shares on their vesting, (**Benefits**) do not count towards such maximum termination amounts to the extent that the Benefits are deliverable on the cessation of the Participant's employment for a Qualifying Reason. In

general, the cessation of a Participant's employment for a Qualifying Reason will not involve poor performance.

Shareholder approval of Resolution 5 will allow the Company, where appropriate, to fulfil its obligations under the Plan to all Participants equally. If Resolution 5 is not approved, Participants who are KMP may not be able to receive Benefits that are available to all other Participants unless subsequent Shareholder approval is obtained. Further, equity linked benefits such as the Performance Rights align senior executives with shareholders and the Directors believe granting approval is better for shareholders than, for example, increasing cash awards in future in lieu of share benefits. Shareholder approval is also expected to assist the Company to retain, motivate and attract key employees and is consistent with approvals sought by other listed companies in Australia.

The value of any Benefits cannot be ascertained at the present time. The Benefits will be the market value of shares issued or transferred to the Participant on ceasing employment for a Qualifying Reason. Apart from the future share price being unknown, the following are matters which will or are likely to affect the value of the Benefits:

- (a) the performance criteria determined to apply to the Participant's Performance Rights;
- (b) the Participant's length of service and reasons for cessation of employment;
- (c) the number of Performance Rights granted to the Participant;
- (d) employee and Company performance factors used to determine vesting of Performance Rights;
- (e) the amount of other remuneration payable to the Participant; and
- (f) the exercise of the Directors' discretion at the relevant time.

The Company currently intends that three KMP, namely D Ian Chalmers (Managing Director), Michael Ball (Chief Financial Officer) and Nicholas Earner (Chief Operating Officer) will be entitled to participate in the Plan. Details of their remuneration are set out in the 2016 remuneration report.

It should be noted that, notwithstanding an approval by Shareholders of Resolution 5, any future grant of Performance Rights to a Director that may entitle that Director to the issue of new Shares (as opposed to Shares acquired on-market), will remain subject to Shareholder approval under ASX Listing Rule 10.14.

### **Potential dilution**

If the Performance Rights are granted under the terms of the Performance Rights Plan, and Shares issued on exercise of any such Performance Rights, this will have a diluting effect on the percentage interest of existing Shareholders' holdings. If the Performance Rights granted under the Performance Rights Plan are exercised and the prevailing Share price is higher than the exercise price, the value of Shares may also be impacted.

**Directors' recommendation:** The Directors (other than Mr D Ian Chalmers who is the only Director eligible to participate in the Performance Rights Plan) recommend that Shareholders vote in favour of Resolution 5. As Mr D Ian Chalmers is eligible to participate in the Plan, and therefore has an interest in the outcome of Resolution 5, he makes no recommendation to Shareholders as to how to vote on this Resolution.

### **RESOLUTION 6: ADOPTION OF PROPORTIONAL TAKEOVER PROVISIONS**

Under the Corporations Act, a company may include in its constitution a provision to enable the company to refuse to register shares acquired under a proportional takeover bid unless a resolution is passed by shareholders in general meeting approving the offer.

Section 648G of the Corporations Act requires that proportional takeover bid approval rules apply for a maximum period of three years unless renewed. The Company's constitution previously contained proportional takeover bid approval rules in rule 37 (**Proportional Takeover Provisions**). As the Proportional Takeover Provisions were inserted into the constitution at the Company's 2013 annual general meeting on 17 October 2013, they ceased to apply (and were deemed to be omitted from the Company's constitution) on 17 October 2016.

In the Directors' view, it is now appropriate to consider the reinsertion of the Proportional Takeover Provisions (in the same form as they were previously included in rule 37) into the Company's constitution. The proposed Proportional Takeover Provisions are in identical terms to the previous provision which is currently contained in the copy of the Company's constitution available from ASX's website [www.asx.com.au](http://www.asx.com.au)

(see the Company's ASX announcement of 19 May 2011). A copy of the constitution will be available at the Annual General Meeting, and copies can, on request, be sent free of charge to any Shareholder.

Resolution 6 is a special resolution which means that a vote to pass this Resolution is decided on a 75% majority of the votes cast by Shareholders entitled to vote on this Resolution.

If Resolution 6 is passed, then for 21 days after the meeting Shareholders holding 10% or more of the Company's Shares would have the right to apply to the court to have the resolution set aside. The court may set aside the resolution if the court is satisfied in all the circumstances that it is appropriate to do so.

If Resolution 6 is passed and not set aside by the court, then the Proportional Takeover Provisions will operate for three years from the date of the Annual General Meeting, and would then cease to apply unless renewed by a further special resolution of Shareholders. The Corporations Act requires certain information to be included in the notice of meeting where the approval of members is sought to adopt proportional takeover provisions. That information is set out below.

### **Proportional takeover bid**

A proportional takeover bid is a takeover bid that is sent to all shareholders in a class, offering to purchase only a specified proportion of each shareholder's shares. If a shareholder accepts, the shareholder disposes of that specified portion and retains the balance.

### **Effect of the proposed Proportional Takeover Provisions**

The effect of the Proportional Takeover Provisions are that:

- (a) If a bidder makes a proportional takeover bid for any class of shares in the Company, the Directors must ensure that a meeting of members of that class is convened where a resolution to approve the proportional takeover bid is voted upon. The vote is decided on a simple majority. The bidder and its associates are excluded from voting on that approving resolution.
- (b) The meeting and the vote on the approving resolution must take place more than 14 days before the last day of the bid period so that holders should know the result of the voting before they have to make up their minds whether or not to accept for their own securities.
- (c) If the approving resolution is rejected before the deadline, the bid cannot proceed and the offer will be taken to have been withdrawn. Any transfers giving effect to takeover contracts for the bid will not be registered and all offers under the takeover bid are taken to be withdrawn and all takeover contracts must be rescinded.
- (d) If the approving resolution is not voted on, the bid will be taken to have been approved.
- (e) If the approving resolution is passed (or taken to have been approved), the transfers must be registered (subject to other provisions of the Corporations Act and the Company's constitution).

The Proportional Takeover Provisions do not apply to full takeover bids.

### **Reasons for Proportional Takeover Provisions**

A proportional takeover bid may result in control of the Company changing without Shareholders having the opportunity to dispose of all of their shares. By making a partial bid, a bidder can obtain practical control of the Company by acquiring less than a majority interest. Shareholders are exposed to the risk of not being able to exit their investment in the Company by selling their entire shareholding and consequently being left as a minority shareholder in the Company. The bidder may be able to acquire control of the Company without payment of an adequate control premium.

The Directors believe that the Proportional Takeover Provisions are desirable to give Shareholders protection from these risks inherent in proportional takeover bids – this is protection that the Corporations Act provisions are intended to provide.

The Proportional Takeover Provisions allow Shareholders to decide if a proportional takeover bid is acceptable in principle, and may assist in ensuring that any proportional takeover bid is appropriately priced.

To assess the merits of the Proportional Takeover Provisions, Shareholders should make a judgement as to what events are likely to occur in relation to the Company during the three year life of the proposed Proportional Takeover Provisions.

## **Potential advantages and disadvantages**

The Corporations Act requires this Explanatory Statement to discuss retrospectively the advantages and disadvantages for Directors and Shareholders of the proportional takeover provisions which are proposed to be inserted.

The Directors consider that the Proportional Takeover Provisions have no potential advantages or disadvantages for any of them, and that they remain free to make a recommendation on whether or not an offer under a proportional takeover bid should be accepted.

The Directors note that it could be argued that the Proportional Takeover Provisions are an advantage to them as a takeover defence mechanism that could be exploited to entrench the incumbent board of Directors. However, the Board believes this argument ignores the basic objects of the Proportional Takeover Provisions which is to empower Shareholders, not the Directors.

The **potential advantages** for Shareholders of the Proportional Takeover Provisions include the following:

- (a) Shareholders have the right to decide, by majority vote, whether an offer under a proportional takeover bid should proceed. The proposal would enable Shareholders to act in a cohesive manner and thereby avoid the coercion of Shareholders that arises where they believe the offer to be inadequate, but nevertheless accept through fear that other Shareholders will accept;
- (b) the provisions may assist Shareholders and protect them from being locked in as a minority;
- (c) the existence of the approval machinery in the Company's constitution would make it more probable that any takeover bid will be a full bid for the whole shareholding of each Shareholder, so that Shareholders may have the opportunity of disposing of all their shares rather than of a proportion only;
- (d) the provisions may increase the bargaining power of Shareholders and may assist in ensuring that any proportional takeover bid is adequately priced; and
- (e) each individual Shareholder may better assess the likely outcome of the proportional takeover bid by knowing the view of the majority of Shareholders and assist in deciding whether to accept or reject an offer under a proportional takeover bid.

The **potential disadvantages** for Shareholders include the following:

- (a) proportional takeover bids for shares in the Company may be discouraged;
- (b) Shareholders may lose an opportunity to sell some of their Shares at a premium;
- (c) it is possible (though, in the opinion of the Board, unlikely) that the existence of the provisions might have an adverse effect on the market value of the Company's shares by making a proportional takeover bid less likely and thereby reducing any takeover speculation element in the share price;
- (d) individual Shareholders may consider that the Proportional Takeover Provisions would restrict their ability to deal with their shares as they see fit; and
- (e) the likelihood of a proportional takeover bid succeeding may be reduced.

## **Previous operation of rule 37**

While rule 37 was in effect, there were no takeover bids for the Company, either proportional or full. So the Directors cannot point to any more specific advantages or disadvantages evident from the operation of the rule during that period. The Directors are not aware of any potential takeover bid that was discouraged by the Proportional Takeover Provisions previously included in the Company's constitution.

## **Knowledge of any acquisition proposals**

Apart from the above general considerations, as at the date on which this Notice of Meeting was prepared, no Director of the Company is aware of any proposal by any person to acquire or to increase the extent of a substantial interest in the Company.

Those Directors who are also Shareholders have the same interest in Resolution 6 as all Shareholders have. Details of the shareholdings of Directors are contained in the Company's 2016 annual report.

## **Directors' recommendation**

The Directors recommend that Shareholders vote in favour of Resolution 6.

## ANNEXURE A

### SUMMARY OF THE TERMS OF THE BONUS SHARE PLAN

The Bonus Share Plan provides "Eligible Employees" the opportunity to receive Shares for no consideration, in amounts to be determined in the Board's absolute discretion. The key features of the Bonus Share Plan are set out below.

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<b>Purpose</b>	The purpose of the Bonus Share Plan is to assist in the recruitment, reward, retention and motivation of Eligible Employees, as determined by the Board.
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<b>Commencement</b>	13 September 2016
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<b>Eligible employees</b>	<p>Eligible Employee means:</p> <ul style="list-style-type: none"><li>a) an employee (full time or part time) of the Company or its subsidiaries (each a <b>Group Member</b> and together the <b>Group</b>); or</li><li>b) a prospective participant (a person to whom an invitation to participate in the Bonus Share Plan is made but who can only accept the Invitation if an arrangement has been entered into that will result in the person becoming covered by paragraph (a) above),</li></ul> <p>but, for the avoidance of doubt, does not include:</p> <ul style="list-style-type: none"><li>c) a contractor of a Group Member;</li><li>d) casual employees of a Group Member; or</li><li>e) any director of a Group Member (whether executive or non-executive).</li></ul>
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<b>Invitation to participate</b>	<p>The Board may, as and when it sees fit, invite any Eligible Employee to participate in the Bonus Share Plan (<b>Invitation</b>). The Invitation will be made on such terms and conditions as the Board decides, including how many Shares it will invite an Eligible Employee to apply for, having regard to certain performance targets and metrics that will be set at the beginning of each Performance Period or any other matters which the Board considers relevant. All Shares issued under the Bonus Share Plan will be issued for nil consideration.</p> <p>An Eligible Employee who is invited to participate in the Bonus Share Plan will receive with their Invitation an application form and any ancillary documentation. Following receipt of a duly completed and signed application form and ancillary documentation, the Company will, to the extent that the Board has accepted such an application, issue the relevant number of Shares to the Eligible Employee (<b>Participant</b>).</p>
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<b>Restriction on the size of the Bonus Share Plan</b>	<p>The Board must not issue an Invitation, or issue a Share under the Bonus Share Plan, if the sum of:</p> <ul style="list-style-type: none"><li>a) the number of Shares which would be issued were each outstanding offer with respect to Shares, units of Shares, and options to acquire unissued Shares, under an employee share scheme to be accepted or exercised; and</li><li>b) the number of Shares issued during the previous three years under the Bonus Share Plan or any other employee share scheme extended to Eligible Employees,</li></ul> <p>but excluding any offer made, or option acquired or Shares issued by way of or as a result of specified excluded offers, would exceed 5% of the total number of Shares on issue at that time.</p>
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<b>Listing</b>	Shares issued under the Bonus Share Plan will be quoted on ASX.
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**Administration**

The Board will manage and administer the Bonus Share Plan, unless it decides to delegate the management and administration of the Bonus Share Plan, and any of its powers or discretions under the Bonus Share Plan, to a committee.

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**Amendment of the Bonus Share Plan**

The Board may at any time amend the Bonus Share Plan (to have effect retrospectively, immediately or in the future) unless such an amendment materially reduces the rights of any Participant as they existed before the date of amendment.

In limited circumstances (for example, for the purpose of complying with relevant legislation) amendments may be made even if they materially reduce the rights of a Participant or if it is agreed to in writing at least 75% of the affected Participants.

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## ANNEXURE B

### SUMMARY OF THE TERMS OF THE PERFORMANCE RIGHTS PLAN

The Performance Rights Plan provides "Eligible Employees" the opportunity to receive Performance Rights for no consideration, as determined in the Board's absolute discretion. The key features of the Performance Rights Plan are set out below.

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<b>Purpose and term</b>	<p>The Performance Rights Plan was established to assist in the recruitment, reward, retention and motivation of Eligible Employees.</p> <p>Under the Performance Rights Plan the Board may grant Performance Rights to Eligible Employees on terms fixed in accordance with the Performance Rights Plan.</p> <p>The Performance Rights Plan continues in operation until the Board decides to end it.</p>
<b>Commencement</b>	17 May 2011
<b>Performance rights</b>	<p>Each Performance Right will represent a right to acquire one Share, subject to the terms of the Performance Rights Plan.</p> <p>A Performance Right granted to a Participant under the Performance Rights Plan is granted for no cash consideration. If Performance Rights vest under the Performance Rights Plan, no amount is payable by a Participant in respect of those Performance Rights vesting, or the subsequent issue or transfer of Shares in respect of them.</p> <p>A Participant does not have a legal or beneficial interest in any Share by virtue of acquiring or holding a Performance Right. A Participant's rights under a Performance Right are purely contractual and personal. In particular, a Participant is not entitled to participate in or receive any dividends or other shareholder benefits until the Performance Right has vested and a Share has been issued or transferred to the Participant.</p> <p>Performance Rights will not be quoted on ASX. Provided that other Shares are quoted on ASX at the time, the Company will apply to ASX for quotation of Shares issued on vesting of Performance Rights as soon as practicable after the issue of those Shares.</p> <p>Any Share issued or transferred to a Participant upon vesting of a Performance Right, will be subject to the Company's constitution and will rank equally in every way (including for dividends for which the record date is after the date of issue or transfer) with other Shares then on issue.</p>
<b>Invitations to participate in the Performance Rights Plan</b>	<p>The Board may from time to time in its absolute discretion decide that a full time or part time employee of a Group Member who holds salaried employment with a Group Member on a full time or part time basis (<b>Eligible Employee</b>) is eligible to participate in the Performance Rights Plan and may invite them to apply for Performance Rights.</p> <p>An Eligible Employee who is invited to participate in the Performance Rights Plan will receive a written invitation. The invitation will set out, amongst other things, the number of Performance Rights the Eligible Employee is invited to apply for, the performance criteria to which those Performance Rights will be subject (<b>Performance Criteria</b>), and the period of time over which the Performance Criteria must be satisfied (<b>Performance Period</b>), before the Performance Rights can vest.</p>
<b>Performance Criteria and Performance Period</b>	<p>The Board's discretion includes determining the number of Performance Rights the Eligible Employee is invited to apply for, and the Performance Criteria, and Performance Period over which Performance Criteria is assessed, applicable to those Performance Rights.</p>

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<b>Vesting of Performance Rights</b>	<p>A Performance Right granted to a Participant will vest:</p> <ul style="list-style-type: none"> <li>at the end of the Performance Period upon the Board giving written notice to the relevant Participant of the number of Performance Rights in respect of which the Performance Criteria were satisfied over the Performance Period; or</li> <li>if the Board allows early vesting as a result of an event such as a takeover bid or scheme of arrangement or the cessation of employment of the Participant for a "Qualifying Reason" (see below).</li> </ul>
<b>Transfers</b>	<p>A Performance Right granted under the Performance Rights Plan is only transferable by force of law upon death to the Participant's legal personal representative or upon bankruptcy to the Participant's trustee in bankruptcy.</p> <p>Subject to the above, Participants are not to grant any security interest in or over or otherwise dispose of or deal with any Performance Rights or any interest in them until the relevant Shares are issued or transferred to that Participant, and any such security interest or disposal or dealing will not be recognised in any manner by the Company.</p>
<b>Exercise on vesting</b>	<p>If an Invitation provides for:</p> <ul style="list-style-type: none"> <li>the deemed automatic exercise of a Performance Right, no further action is required from the Participant upon vesting of a Performance Right in order to exercise that Performance Right; or</li> <li>the manual exercise of a vested Performance Right, a Participant may exercise any vested Performance Right at any time from the date the Board notifies the Participant of the vesting of the Performance Right until the date on which a Performance Right lapses, by giving the prescribed form of notice to the Board.</li> </ul>
<b>Lapse of Performance Rights</b>	<p>An unvested Performance Right, or (where applicable) a vested but unexercised Performance Right, will lapse on the earliest to occur of:</p> <ul style="list-style-type: none"> <li>the end of the Performance Period if the Performance Criteria relating to the Performance Right have not been satisfied;</li> <li>the Participant purporting to transfer a Performance Right or grant a security interest in or over, or otherwise purporting to dispose of or deal with, a Performance Right or interest in it (except where the Performance Right is transferred by force of law upon death to the Participant's legal personal representative or upon bankruptcy to the Participant's trustee in bankruptcy);</li> <li>the Participant ceasing employment with a Group Member (and is not immediately employed by another Group Member), except in certain circumstances as explained below under the heading "Qualifying Reason and cessation of employment";</li> <li>if in the opinion of the Board, the Participant has acted fraudulently or dishonestly or in breach of his or her obligations to the Group, and the Board determining that the Performance Rights held by the Participant should lapse;</li> <li>an event such as a takeover bid or scheme of arrangement occurring (in certain circumstances subject to the Board's discretion); and</li> <li>the date that is fifteen years after the grant of the Performance Right.</li> </ul> <p><i>Qualifying Reason and cessation of employment</i></p> <p>Performance Rights of a Participant will automatically lapse if the Participant ceases to be employed by a Group Member (and is not immediately employed by another Group Member), unless the Participant ceases to be employed because of a "Qualifying Reason" in which case that Participant's</p>

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Performance Rights will be treated as follows:

- if less than six months of the Performance Period relating to those Performance Rights has elapsed at the date of cessation of employment, all of those Performance Rights will lapse (unless the Board, in its absolute discretion, determines otherwise); and
- if six months or more of the Performance Period relating to those Performance Rights has elapsed at the date of cessation of employment, then (unless the Board, in its absolute discretion, determines otherwise) a proportion of the Participant's Performance Rights (calculated by reference to the number of days in the Performance Period which have elapsed as the date of cessation of employment) will be capable of vesting. Such Performance Rights will only vest (unless the Board, in its absolute discretion, determines otherwise) if over the Performance Period the Performance Criteria in respect of those Performance Rights were satisfied and the Board gives notice to the Participant of its determination to that effect. In such circumstances, the remaining Performance Rights of the Participant which do not vest will lapse.

If a Participant ceases to be employed by a Group Member (and is not immediately employed by another Group Member) because of a Qualifying Reason, any vested but unexercised Performance Rights held by that Participant will immediately be deemed to have been exercised.

A "Qualifying Reason" includes the death, total and permanent disablement or retirement of the Participant (as determined by the Board in its absolute discretion), or where the Participant ceases to be employed by a Group Member as a result of a relevant body corporate ceasing to be a Group Member or the sale of a business conducted by a Group Member to a third party (other than to another Group Member). The Board may also determine, in its absolute discretion, that any other reason will constitute a "Qualifying Reason".

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#### **Share limit**

The Board must not issue an Invitation, or issue a Share under the Performance Rights Plan, if the sum of:

- a) the number of Shares which would be issued were each outstanding offer with respect to Shares, units of Shares, and options to acquire unissued Shares, under an employee share scheme to be accepted or exercised; and
- b) the number of Shares issued during the previous three years under the Performance Rights Plan or any other employee share scheme extended to Eligible Employees,

but excluding any offer made, or option acquired or Shares issued by way of or as a result of specified excluded offers, would exceed 5% of the total number of Shares on issue at that time.

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#### **Impact of takeover bid or scheme**

If:

- a) a takeover bid (as defined in the Corporations Act) is made for Shares before the end of the Performance Period;
- b) a Court orders a meeting to be held in relation to a proposed compromise or arrangement for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies; or
- c) any person becomes bound or entitled to acquire Shares under:
  - (i) section 414 of the Corporations Act; or
  - (ii) Chapter 6A of the Corporations Act,

the Board will make a determination as to how a Participant's unvested Performance Rights and any vested but unexercised Performance Rights will be dealt with, and, in doing so, may determine, in its absolute discretion that

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a Participant's unvested Performance Rights vest (in whole or in part) and any vested but unexercised Performance Rights are deemed to have been exercised and may impose any conditions on such vesting or exercising as it thinks fit.

In making its determination, the Board will have regard, without limitation, to the extent to which the Performance Criteria in respect of a Participant's Performance Rights have been satisfied as at the relevant date.

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**Adjustments upon alterations of capital**

Subject to the ASX Listing Rules, if the Company makes a new issue of securities or alterations to its capital by way of a rights issue, bonus issue or other distribution of capital, reduction of capital or reconstruction of capital, then the Board may make adjustments to a Participant's Performance Rights (including, without limitation, to the number of Shares which may be acquired on vesting of the Performance Rights) and/or the Performance Criteria on any basis it sees fit in its absolute discretion to ensure that no advantage or disadvantage accrues to the Participant as a result of such corporate actions.

Subject to the above adjustments, during the currency of any Performance Rights and prior to vesting and the issue or transfer of Shares in respect of those Performance Rights, Participants are not entitled to participate in any new issue of securities of the Company as a result of their holding of Performance Rights.

Notwithstanding any other provision of the rules of the Plan dealing with adjustments, an adjustment must not be made under such adjustment rules unless it is consistent with the ASX Listing Rules. The Company may amend the terms of any Performance Right, or the rights of any Participant under the Plan, to comply with the ASX Listing Rules applying at the time to any reorganisations of capital of the Company.

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**Administration**

The Board will manage and administer the Performance Rights Plan, unless it decides to delegate the management and administration of the Performance Rights Plan, and any of its powers or discretions under the Performance Rights Plan, to a committee.

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**Amendment of the Performance Rights Plan**

The Board may by written instrument amend all or any of the provisions of the Performance Rights Plan, with retrospective effect, provided that the amendment does not materially reduce the rights of any Participant as they existed before the date of amendment. The Performance Rights Plan provisions do, however, provide that in limited circumstances (for example, for the purpose of complying with relevant legislation or the ASX listing rules) amendments may be made even if they materially reduce the rights of a Participant.

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**PROXY APPOINTMENT FORM  
ALKANE RESOURCES LTD**

ACN 000 689 216

**Enquiries**  
(within Australia) (08) 9227 5677  
(outside Australia) +618 9227 5677

**Completed proxy can be lodged:**

BY MAIL: Advanced Share Registry Limited  
PO Box 1156, Nedlands, WA 6909

BY FAX: (61 8) 9262 3723

BY EMAIL: [admin@advancedshare.com.au](mailto:admin@advancedshare.com.au)

ON LINE: [www.advancedshare.com.au](http://www.advancedshare.com.au)  
(you will need your SRN or HIN to login)

**Appointment of Proxy**

I/We being a shareholder/s of Alkane Resources Ltd (the **Company**) and entitled to attend and vote hereby appoint

The Chairman  
of the meeting  
(mark with an 'X')

OR

Write here the name of the person you are appointing if this person is **someone other than** the Chairman of the Meeting. Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or if that person fails to attend or, if no person is named, the Chairman of the Annual General Meeting, as my/our proxy to attend, act generally and vote as directed below, or, if no directions are given, as the proxy or the Chairman sees fit (to the extent permitted by law), at the Annual General Meeting of the Company to be held on Wednesday, 16 November 2016 at 10.30am (Sydney time) at Sir Stamford at Circular Quay, 93 Macquarie Street, Sydney NSW 2000 (the **Annual General Meeting** or the **Meeting**), and at any adjournment or postponement of that Meeting.

**Appointing a second proxy**

If appointing a second proxy, state the percentage of your voting rights applicable to the proxy appointed by this form.

 %

**Voting directions to your proxy – please mark in the  to indicate your directions**

**Resolutions**

		For	Against	Abstain*
1.	Adoption of remuneration report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2.	Re-election of Director – Mr John Stuart Ferguson Dunlop	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.	Approval of Company's Employee Bonus Share Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.	Ratification of past issue of shares to employees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5.	Approval of amended Alkane Resources Performance Rights Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6.	Adoption of proportional takeover provisions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

\* If you mark the "Abstain" box for a particular item of business, you are directing your proxy not to vote on that item on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority.

**IMPORTANT for Resolutions 1, 3 and 5 - Chairman authorised to exercise undirected proxies on remuneration related resolutions. If the Chairman of the Meeting is your nominated proxy, or may be appointed by default:**

Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolutions 1, 3 and 5 in accordance with his stated voting intention (except where I/we have indicated a different voting intention by marking an applicable box above) even though Resolutions 1, 3 and 5 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

**The Chairman of the Meeting (where appropriately authorised) intends to vote all available undirected proxies in favour of all Resolutions. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any Resolution, in which case an ASX announcement will be made.**

If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolutions 1, 3 and 5 by marking an applicable box above.

**Signatures of individual member, joint individual member, attorney or company member**

Sole director and sole company secretary

Director

Director/company secretary (delete one)

Contact name

Contact daytime telephone

Date

## INSTRUCTIONS FOR COMPLETION OF PROXY APPOINTMENT FORM

### Appointment of proxy

If you are entitled to vote at the Annual General Meeting you have a right to appoint a proxy and should use this Proxy Form to do so. The proxy need not be a member of the Company and can be an individual or a body corporate.

If you wish to appoint someone other than the Chairman of the Annual General Meeting as your proxy, please write the name of that person in the appropriate box. Members cannot appoint themselves. If you leave the box blank, the Chairman of the Annual General Meeting will be appointed your proxy and vote on your behalf.

Your proxy's authority to speak and vote for you at the Annual General Meeting is suspended if you are present at the Annual General Meeting.

### Voting directions to your proxy

You may direct your proxy how to vote by marking **X** in 1 of the 3 boxes opposite each item of business. If you specify the way your proxy is to vote on a particular Resolution:

- your proxy need not vote on a show of hands, but if your proxy does so, your proxy must vote that way (ie as directed); and
- if your proxy has two or more appointments that specify different ways to vote on the Resolution – your proxy must not vote on a show of hands; and
- if your proxy is the chair of the Meeting – your proxy must vote on a poll, and must vote that way (ie as directed); and
- if your proxy is not the chair of the Meeting – your proxy need not vote on the poll, but if your proxy does so, your proxy must vote that way (ie as directed).

If:

- your appointment of a proxy specifies the way your proxy is to vote on a particular Resolution; and
- your appointed proxy is not the chair of the Meeting; and
- at the Annual General Meeting, a poll is duly demanded on the Resolution; and
- either of the following applies:
  - your proxy is not recorded as attending the Annual General Meeting; or
  - your proxy does not vote on the Resolution,

the chair of the Meeting is taken, before voting on the Resolution closes, to have been appointed as your proxy for the purposes of voting on the Resolution.

### Appointing a second proxy

If you are entitled to cast 2 or more votes you may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. The sum of the votes cast must not exceed your voting entitlement or 100%. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning Advanced Share Registry Limited or you may copy this form. Both Proxy Forms should be lodged together.

If you appoint 2 proxies and the appointment does not specify the proportion or number of your votes each proxy may exercise, each proxy may exercise half of the votes (ignoring fractions).

If you appoint 2 proxies, neither proxy will have a right to vote on a show of hands.

If you appoint another member as your proxy, that person will have only 1 vote on a show of hands and does not have to vote on a show of hands in accordance with any direction by you.

### Signing instructions

This Proxy Form must be signed and dated by the member or the member's attorney. Where the holding is in more than one name, any joint member may sign.

If this form is signed by an attorney and you have not previously lodged the power of attorney with Advanced Share Registry Limited or the Company for notation, please attach a certified copy of the power of attorney to this Proxy Form when you return it.

If the member is a company that has a sole director (and no company secretary) or a sole director who is also the sole company secretary, this form must be signed by that person. Otherwise, this form must be signed by 2 directors or 1 director and a company secretary. Please indicate the office held by signing in the appropriate place.

### Lodgement of Proxy Form

Proxy Forms and proxy appointment authorities, for example, the original or a certified copy of the power of attorney (if the Proxy Form is signed by an attorney) must be received by one of the methods nominated below:

By delivery	By post	By email	By facsimile	On-line
110 Stirling Highway Nedlands WA 6009	PO Box 1156 Nedlands WA 6909 Australia	<a href="mailto:admin@advancedshare.com.au">admin@advancedshare.com.au</a>	+61 8 9262 3723	<a href="http://www.advancedshare.com.au">www.advancedshare.com.au</a> (you will need your SRN/HIN to login in)

**by 10.30am (Sydney time) on Monday, 14 November 2016.**

Documents received after that time will not be valid for the Annual General Meeting.

### Privacy

Chapter 2C of the *Corporations Act 2001* (Cth) requires information about you (including your name, address and details of the shares you hold) to be included in the Company's public register of members. This information must continue to be included in the public register if you cease to hold shares. These statutory obligations are not altered by the *Privacy Amendment (Private Sector) Act 2000* (Cth). Information is collected to administer your shareholding which may not be possible if some or all of the information is not collected. Your information is collected by Advanced Share Registry Limited on behalf of the Company.