

GRG INTERNATIONAL LIMITED

ACN 141 662 240

("GRG" or "Company")

NOTICE OF ANNUAL GENERAL MEETING and EXPLANATORY STATEMENT

THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR ATTENTION

If you are in any doubt as to how to deal with it,
please consult your financial or other professional adviser.

The annual general meeting will be held:

- at The Boardroom, Toorak Corporate Centre, 19-21 Milton Parade, Malvern, Victoria;
- on **Monday 28 November 2011** at 11.00am.

You can vote by:

- attending and voting at the meeting; or
- appointing someone as your proxy to attend and vote at the meeting on your behalf, by completing and returning the proxy form to GRG in the manner set out in section 6(a) of this notice of meeting. The proxy form (and any power of attorney under which it is signed) must be received by GRG no later than 11.00am (AEST) on **Saturday 26 November 2011**. Any proxy form received after that time will not be valid for the meeting.

GRG INTERNATIONAL LIMITED
ACN 141 662 240

NOTICE OF ANNUAL GENERAL MEETING

The Annual General Meeting of the shareholders of **GRG International Limited** will be held:

- on **Monday 28 November 2011**
- at **11.00am**
- at **The Boardroom, Toorak Corporate Centre, 19-21 Milton Parade, Malvern, Victoria**

BUSINESS:

1 FINANCIAL REPORT

To consider and receive the annual Financial Statements, the Directors' Report and Audit Report of the Company.

The above documents are contained in the Annual Report. Shareholders who have elected to receive an electronic copy of the Annual Report can download a copy at <http://www.grgatm.com/Investors/ASXannouncements/tabid/86/Default.aspx>. Shareholders who have elected to receive a hard copy of the Annual Report will receive one with this Notice of Meeting. No resolution is necessary.

2 ADOPTION OF REMUNERATION REPORT

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

"That the Remuneration Report contained in the Directors' Report be adopted."

Short Explanation

The Corporations Act 2001 requires listed companies to put to shareholders at the AGM a non-binding resolution concerning the Remuneration Report which is contained in the Directors' Report section of the Annual Report.

Shareholders will be given an opportunity to ask questions concerning the Remuneration Report at the AGM.

As stated, the resolution is non-binding.

Voting Exclusion Statement

The Corporations Act also requires the Company to exclude votes cast on this resolution by Key Management Personnel (**KMP**) and their Closely Related Parties. KMP broadly means those persons, including any director (whether executive or otherwise) having authority and responsibility for directly or indirectly planning, directing and controlling the Company's activities. These concepts are further set out in the Explanatory Memorandum.

Because of the way in which the Corporations Act is currently drafted, if you appoint the Chairman (or any other KMP) as proxy you must ensure that you tick the box on the proxy form directing the vote of your shares. Failure to tick this box will mean that he cannot vote your share.

Further details of this resolution are set out in the Explanatory Memorandum.

3 RETIREMENT OF DIRECTORS BY ROTATION AND BY OPERATION OF CONSTITUTION

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

3.1 “That, having been elected during the year and retired pursuant to the Constitution of the Company, David DeCampo be elected as a director.”

3.2 “That, having been elected during the year and retired pursuant to the Constitution of the Company, Frank Cooper be elected as a director.”

3.3 “That having retired pursuant to the Constitution of the Company, Brian Kett be re-elected as a director.”

Short Explanation

The Company’s Constitution requires directors who have been elected during the year, other than the Managing Director, to retire at the first AGM following their election. Those directors are eligible to be elected by shareholders.

This rule applies to David DeCampo and Frank Cooper, who have offered themselves for election.

The Company’s Constitution requires one third of the directors (other than the Managing Director or directors appointed during the year) to retire at each AGM, being the directors longest in office without having retired at an AGM. Directors retiring are eligible for re-election.

This rule applies to Brian Kett, who has offered himself for re-election.

Further details of this resolution are set out in the Explanatory Memorandum.

4 ESTABLISHMENT OF EMPLOYEE SHARE PLAN

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

“That pursuant to Exception 9 of ASX Listing Rule 7.2 shareholders approve the establishment of the Company’s Employee Share Plan on the terms and conditions, as set out in the Explanatory Memorandum, as an exception to ASX Listing Rule 7.1.”

Short explanation

GRG has established the ESP.

ASX Listing Rule 7.1 requires approval from shareholders for issues of securities in excess of 15% of the issued capital. There are a number of exceptions to this set out in ASX Listing Rule 7.2, including Exception 9. This exception allows the issue of securities pursuant to an employee incentive scheme such as the ESOP where shareholders have approved that issue.

Resolution 4 seeks approval for that issue.

Further details of this resolution are set out in the Explanatory Memorandum. Capitalised terms used in this resolution are defined in the Explanatory Memorandum.

Voting Exclusion Statement

The Company will disregard votes cast in respect of resolution 4 by:

- (a) Any employee of the Company eligible to participate in the ESOP; and
- (b) Any associate of those persons.

However, the Company need not disregard a vote if it is cast by a 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 the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides (and the acknowledgment box on the proxy form in relation to this resolution is marked).

5 RATIFICATION OF ISSUE OF SECURITIES

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

“That pursuant to ASX Listing Rule 7.4, the Company approves and ratifies the issue and allotment of the fully paid Shares and Options to the entities described in Table 1 of the Explanatory Memorandum.”

Short Explanation

GRG has issued a number of Shares and options to the entities described in Table 1 of the Explanatory Memorandum, on the date set out in the Explanatory Memorandum. Funds raised have been used for the purposes set out in the Explanatory Memorandum.

The Board of GRG is allowed to issue up to 15% of its issued capital without Shareholder approval each 12 months. The Shares described above were issued without Shareholder approval and were within this limit. Under the Listing Rules, GRG can seek Shareholder ratification of an issue made within the 15% limit, and, if given, the effect of the ratification is to deem that the Shares issues were issued with Shareholder approval, meaning that, from the date of the approval, the Board is again able to issue up to a further 15% of the issued capital without Shareholder approval.

The purpose of this resolution is to seek this ratification.

Further details of both resolutions are set out in the attached Explanatory Memorandum.

Voting Exclusion Statement

The Company will disregard any votes cast on this resolution by the entities described in Table 1 of the Explanatory Memorandum or any associates of those entities.

However, the Company need not disregard a vote if it is cast by a 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 the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides (and the acknowledgment box on the proxy form in relation to this resolution is marked).

By order of the Board:



Oliver Carton
Company secretary
Dated: 24 October 2011

1. HOW TO VOTE

Shareholders entitled to vote at the Extraordinary General Meeting may vote by attending the Meeting in person, by attorney or proxy or, in the case of corporate shareholders, by a corporate representative.

2. VOTING IN PERSON OR BY ATTORNEY

Shareholders or their attorneys wishing to vote in person should attend the Meeting. Persons are asked to arrive at least 30 minutes prior to the time the Meeting is to commence, so that their shareholding may be checked against the register and their attendance recorded. Shareholders intending to attend the Meeting by attorney must ensure that they have, not later than 48 hours prior to the time the Meeting is to commence, provided the original or a certified copy of the power of attorney to the Company, in the same manner prescribed below for the giving of proxy forms to the Company.

3. VOTING BY PROXY

- (a) Shareholders wishing to vote by proxy must complete, sign and deliver the enclosed personalised proxy form or forms, in accordance with the instructions on the form, prior to 11.00am AEST Melbourne time on 26 November 2011 by:
- Hand delivery to: GRG International Limited c/-Security Transfer Registrars Pty Ltd at 770 Canning Highway, Applecross WA 6153 or
 - Fax to: GRG International Limited C/- Security Transfer Registrars Pty Ltd on (08) 9315 2233.
- (b) A shareholder who is entitled to vote at the meeting may appoint:
- (1) one proxy if the shareholder is only entitled to one vote; or
 - (2) one or two proxies if the shareholder is entitled to more than one vote.
- (c) If a shareholder appoints one proxy, that proxy may vote on a show of hands. If a shareholder appoints two proxies, neither proxy may vote on a show of hands.
- (d) Where the shareholder appoints two proxies, the appointment may specify the proportion or number of votes that each proxy may exercise. If the appointment does not do so, each proxy may exercise one-half of the votes, and any fraction of votes will be disregarded.
- (e) A proxy need not be a shareholder of the Company. In the case of joint holders, all should sign the proxy form. In the case of corporations, proxies must be executed in accordance with the Corporations Act.
- (f) To be valid, a proxy form signed under a power of attorney must be accompanied by the signed power of attorney, or a certified copy of the power of attorney.
- (g) If the abstention box on the proxy form for the item of business is marked, the proxy will be directed not to vote on a show of hands or on a poll and the relevant shares will not be counted in calculating the required majority on a poll. If no box is marked, the proxy will not be directed as to how to vote and may vote as he or she thinks fit.
- (h) If the proxy form is signed by the shareholder but does not name the proxy or proxies in whose favour it is given, or the proxy does not attend the Annual General Meeting, the chairperson of the Meeting may either act as proxy or complete the proxy by inserting the name of one or more Directors or the Company Secretary.
- (i) The chairperson of the Annual General Meeting intends to vote all undirected proxies from shareholders (who are eligible to vote in favour of the Resolutions) in favour of the Resolutions to be voted on at the Annual General Meeting. The chairperson will not vote any undirected proxies from shareholders ineligible to vote in favour of the Resolutions.
- (j) If you require an additional proxy form, the Company will supply it on request to the undersigned.

4. VOTING BY CORPORATE REPRESENTATIVE

Corporate shareholders wishing to vote by corporate representative should:

- (a) obtain an appointment of corporate representative form from the Registry;
- (b) complete and sign the form in accordance with the instructions on it; and
- (c) bring the completed and signed form with them to the Annual General Meeting.

GRG INTERNATIONAL LIMITED
ACN 141 662 240

EXPLANATORY STATEMENT

1. INTRODUCTION

The purpose of this Explanatory Statement is to provide shareholders with an explanation of the business of the meeting and the Resolution proposed to be considered at the Annual General Meeting.

2 RESOLUTION 2 – REMUNERATION REPORT

The Corporations Act 2001 requires listed companies to put to Shareholders at the AGM a non-binding resolution concerning the Remuneration Report which is contained in the Directors' Report section of the Annual Report.

The Corporations Act also requires the Company to exclude votes cast on the resolution by Key Management Personnel (**KMP**) and their Closely Related Parties. KMP broadly means those persons, including any director (whether executive or otherwise) having authority and responsibility for directly or indirectly planning, directing and controlling the Company's activities. 'Closely Related Parties' is defined as:

- a spouse or child of the KMP;
- a child of the KMP's spouse;
- a dependent of the KMP or the KMP's spouse;
- anyone else who is a member of the KMP's family and may be expected to influence the KMP or be influenced by the KMP, in the KMP's dealing with the entity;
- a company the KMP controls; or
- a person prescribed by the Corporations Regulations.

Because of the way in which the Corporations Act is currently drafted, if you appoint the Chairman (being Jeff Barrow) or any other KMP as proxy you must ensure that you tick the box on the proxy form directing the vote of your shares. Failure to tick either box will mean that the proxy cannot vote your shares.

Another important change in relation to adoption of the remuneration report is the ability of shareholders to "spill" the Company's board following "two strikes" against the adoption of the remuneration report at two successive AGMs.

In summary, if at least 25% of the votes cast on the resolution to adopt the remuneration report are voted **against** adopting the remuneration report at the 2011 AGM, and then again at the company's 2012 AGM, the company will be required to put to shareholders a resolution proposing the calling of an extraordinary general meeting to consider the appointment of new directors to the company (**Spill Resolution**).

If more than 50% of shareholders vote in favour of the Spill Resolution, the company must convene the extraordinary general meeting (**Spill Meeting**) within 90 days of the company's 2012 AGM. All of the directors who are in office when the company's 2012 directors' report is approved, other than the managing director, will cease to hold office immediately before the end of the Spill Meeting, but may stand for re-election at the Spill Meeting. Following the Spill Meeting, each person whose election or re-election as a director is approved, will become a director of the company.

3 RESOLUTION 3 - RETIREMENT OF DIRECTORS BY ROTATION AND BY OPERATION OF CONSTITUTION

The Company's Constitution requires directors who have been elected during the year, and one third of other directors, other than the Managing Director, to retire at the first AGM. Those directors are eligible to be elected by shareholders. This rule applies this year to David DeCampo, Frank Cooper and Brian Kett.

Details of the directors are contained in the Directors' Report section of the Annual Report.

The directors, other than the director the subject of the resolution, recommend that all shareholders vote in favour of this resolution. The Chairman intends to vote open proxies in favour of it.

4 RESOLUTION 4 - ISSUE OF SECURITIES UNDER EMPLOYEE SHARE PLAN

4.1 ESOP

The Company has established an Employee Share Plan (**ESP**).

(a) Objectives

The objectives of the ESOP are to:

- (i) establish a method by which employees can participate in the future growth and profitability of the Company;
- (ii) provide an incentive and reward for employees for their contributions to the Company and the Group.

The ESP has been designed for all employees, but does not include a director of the Group. Securities may not be offered to Directors under the ESP.

(b) Terms

In summary, the terms of the ESP are as follows:

- (i) The Board will issue fully paid ordinary shares (**Shares**) to all employees as an annual bonus in lieu of a cash bonus.
- (ii) The number of Shares issued will be based on a percentage of the annual salary of each employee calculated on the amount by which the Company meets or exceeds its annual budget. If the Company fails to meet its annual budget no Shares will be issued. The maximum percentage of annual salary that can be converted into Shares is 7.5%, which is payable for exceeding the annual budget by 20% or more. By way of example, if the maximum percentage of annual salary for eligible employees was paid as a bonus in Shares at the date of this meeting, this would result in \$239,342 in Shares being issued. At a share price of \$0.15, this would result in 1,595,613 Shares being issued, or 1.18% of the expanded issued capital of the Company.
- (iii) The Company will pay all expenses, costs and charges in relation to the establishment and operation of the ESP, including all costs incurred in or associated with:
 - an issue of Shares; and
 - listing those Shares on ASX, granted to Employees under the ESP.
- (iv) Shares must not be offered under the ESP in a manner that would contravene the Corporations Act, the Listing Rules or the constitution of the Company and may be offered on any additional terms as the Board considers appropriate. As the Shares will be issued at nil consideration, it is not necessary to issue a prospectus in relation to them.

(c) ASX Listing Rule 7.2 Exception 9

In general terms, ASX Listing Rule 7.1 requires approval from shareholders for issues of securities in excess of 15% of the issued capital. ASX Listing Rule 7.2 Exception 9 allows securities to be issued under the ESOP to be an exception to the limitation on issuing securities in ASX Listing Rule 7.1 provided shareholder have approved issues under the ESOP. The meeting document seeking shareholder approval must contain:

- (i) A summary of the terms of the scheme – see paragraph 4.1(b).
- (ii) The number of securities issued under the scheme since the date of the last approval – as this is the first approval no securities have been issued under the ESOP since the last approval.
- (iii) A voting exclusion statement – this is set out in the Notice of Meeting

5 RESOLUTION 5 – RATIFICATION OF ISSUE OF SECURITIES

5.1 Summary of proposal

On 21 October 2011, the Company issued the securities to the persons set out in Table 1 for the purposes set out in Table 1.

Table 1

| Recipient | Type of security | Purpose | number |
|------------------|--|------------------------------------|---------------|
| Jonathon Senior | 20c Call Options expiring 30 June 2013 | Sign on incentive for new employee | 450,000 |
| Con Xanthopoulos | 20c Call Options expiring 30 June 2013 | Sign on incentive for new employee | 350,000 |

2.3 Listing Rule requirements for resolution 1

(a) ASX Listing Rule 7.4

As stated above, In general terms, ASX Listing Rule 7.1 requires approval from shareholders for issues of securities in excess of 15% of the issued capital. Listing Rule 7.4 enables the Company to ratify an issue of Shares made without prior Shareholder approval under Listing Rule 7.1 if:

- (i) the issue of Shares did not breach Listing Rule 7.1; and
- (ii) Shareholders subsequently approve the issue of those Shares by the Company.

The issue of the Options set out in Table 1 were not in breach of Listing Rule 7.1.

The Directors seek approval and ratification from Shareholders pursuant to Listing Rule 7.4 for the issue of the Options set out in Table 1.

(b) ASX Listing Rule 7.5

ASX Listing Rule 7.5 lists information which must be contained in the Notice of General Meeting and Explanatory Memorandum where Shareholders will consider a resolution pursuant to ASX Listing Rule 7.4. This information is set out below:

- (i) *The number of securities allotted:* See Table 1.
- (ii) *The issue price of the securities:* Options were issued at nil consideration.
- (iii) *The names of the allottees:* See Table 1.
- (iv) *The terms of the securities:* The options issued were 20c listed call options expiring 30 June 2013, on the terms set out in Schedule 1.
- (v) *The use or intended use of the funds raised:* no funds will be raised by the issue of the securities.
- (vi) *A voting exclusion statement:* This information is set out in the Notice of Meeting.

Schedule 1

TERMS AND CONDITIONS OF OPTIONS EXPIRING 30 JUNE 2013 AT \$0.20

Option Terms

The Options entitle the holder (**Optionholder**) to subscribe for Shares on the following terms and conditions:

- (a) Each Option gives the Optionholder the right to subscribe for one Share. To obtain the right given by each Option, the Optionholder must exercise the Options in accordance with the terms and conditions of the Options.
- (b) The Options will expire at 5:00 pm (WST) on 30 June 2013 (Expiry Date). Any Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (c) The amount payable upon exercise of each Option will be \$0.20 (Exercise Price).
- (d) The Options held by each Optionholder may be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion.
- (e) An Optionholder may exercise their Options by lodging with the Company, before the Expiry Date:
 - (i) a written notice of exercise of Options specifying the number of Options being exercised; and
 - (ii) a cheque or electronic funds transfer for the Exercise Price for the number of Options being exercised;
 (Exercise Notice).
- (f) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
- (g) Within 10 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, The Company will allot the number of Shares required under these terms and conditions in respect of the number of Options specified in the Exercise Notice.
- (h) The Options are transferable.
- (i) All Shares allotted upon the exercise of Options will upon allotment rank pari passu in all respects with other Shares.
- (j) The Company will apply for quotation of the Options on ASX.

- (k) **If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.**
- (l) **There are no participating rights or entitlements inherent in the Options and Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 6 Business Days after the issue is announced. This will give Optionholders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.**
- (m) **An Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the Option can be exercised.**

