

ASX Announcement

16 October 2014

Notice of Annual General Meeting Dispatched

The Annual General Meeting for Resource Equipment Limited (ASX: RQL) will be held at the Royal Freshwater Bay Yacht Club, 1 Hobbs Place, Peppermint Grove, Western Australia at 10.30am (WST) on Tuesday 18 November 2014. The attached notice of meeting has been dispatched to all shareholders on 16 October 2014.

Further Information

Mr Michael Kenyon
Company Secretary
Resource Equipment Limited
Tel: 08 6141 6500

TOUGH JOBS. SMART SOLUTIONS.

HEAD OFFICE

276 & 332 Treasure Road
Welshpool WA 6106
PO Box 328
Welshpool DC WA 6986

T + 61 8 6141 6500
F + 61 8 9258 9804
E admin@rel.com.au

KALGOORLIE

39 Broadwood Street
Kalgoorlie WA 6430
PO Box 1423
Kalgoorlie WA 6433

T + 61 8 9068 1000
F + 61 8 9091 6814
E kal@rel.com.au

HUNTER VALLEY

4 Balbu Close
Beresfield NSW 2322
PO Box 3262
Thornton NSW 2322

T + 61 2 4088 0100
F + 61 2 4966 5835
E huntervalley@rel.com.au

BRISBANE

Level 1, Unit 1
789 Kingsford Smith Dve
Eagle Farm QLD 4009
PO Box 410
Hamilton QLD 4007

T + 61 7 3868 1022
F + 61 7 4955 3794
E brisbane@rel.com.au

MACKAY

24 Presto Avenue
Mackay QLD 4740
PO Box 6130
Mackay QLD 4741

T + 61 7 4998 9000
F + 61 7 4955 3794
E mackay@rel.com.au

BALIKPAPAN

JL Mulawarman No. 18
RT.11 Lamaru
Balikpapan Timur 76117

T +62 54275 87540
F +62 54272 19662
E balikpapan@rel.co.id



RESOURCE EQUIPMENT LIMITED

ACN 098 812 492

NOTICE OF ANNUAL GENERAL MEETING

AND

EXPLANATORY MEMORANDUM

IMPORTANT INFORMATION

This is an important document that should be read in its entirety.

If you do not understand it you should consult your professional advisers without delay.

*If you wish to discuss any aspect of this document with the Company please contact
Mr Michael Kenyon on telephone (+61 8) 6141 6500*

TIME AND PLACE OF MEETING AND HOW TO VOTE

Venue

Notice is hereby given that the Annual General Meeting (**AGM**) of Shareholders of Resource Equipment Limited will be held at:

Royal Freshwater Bay Yacht Club
Atholl Hobbs Room
1 Hobbs Place
Peppermint Grove, Western Australia

Commencing At: 10.30am (WST) on Tuesday, 18 November 2014

How to Vote

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

Voting in Person

To vote in person, attend the Meeting on the date and at the place set out above. The Meeting will commence at 10.30am (WST).

Voting by Corporate Representative

A corporation may elect to appoint a representative to attend and vote at the Meeting in accordance with the Corporations Act in which case the Company will require a Certificate of Appointment of Corporate Representative executed in accordance with the Corporations Act. The certificate is to be lodged with the Company before the Meeting or at the registration desk on the day of the Meeting.

Voting by Proxy

To vote by proxy, please complete and sign the proxy form enclosed with this Notice of Annual General Meeting as soon as possible and:

- return the proxy form by post to Resource Equipment Limited, PO Box 328, Welshpool, Western Australia 6986;
- send the proxy form by facsimile to (08) 9258 9804 (International: + (61 8) 9258 9804); or
- deliver the proxy form to the Company's registered office at 276 Treasure Road North, Welshpool, Western Australia 6106

so that it is received no later than 10.30am (WST) on Sunday, 16 November 2014.

Your proxy form is enclosed.

AGENDA

ORDINARY BUSINESS

Financial Statements, Directors' Report and Auditor's Report

To receive and consider the Financial Report, Directors' Report and Auditor's Report of the Company for the year ended 30 June 2014.

Resolution 1: Adoption of Remuneration Report

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

"That, for the purposes of Section 250R(2) of the Corporations Act and for all other purposes, the Company adopts the Remuneration Report as contained in the Company's annual financial report for the year ended 30 June 2014."

Note: the vote on this resolution is advisory only and does not bind the Company or the Directors.

Voting Exclusion Statement: The Company will, in accordance with the Corporations Act, disregard any votes cast on this resolution (in any capacity) by or on behalf of a member of the Key Management Personnel (being those persons described as such in the Remuneration Report) or a Closely Related Party (such as close family members and any controlled companies) of such a member.

However, the Company need not disregard a vote if:

- (a) 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
- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with an express direction on the proxy form to vote as the proxy decides, even if the resolution is connected directly or indirectly with the remuneration of Key Management Personnel.

Resolution 2: Re-election of Mr Keith Lucas as a Director

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

"That Mr Keith Lucas, being a Director of the Company who retires by rotation under Clause 11.3 of the Constitution, and being eligible, is re-elected as a Director of the Company."

Information about Mr Lucas is contained in the Annual Report which is available at www.rel.com.au.

Resolution 3: Re-election of Mr Anthony Ryder as a Director

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

"That Mr Anthony Ryder, being a Director of the Company who retires by rotation under Clause 11.3 of the Constitution, and being eligible, is re-elected as a Director of the Company."

Information about Mr Ryder is contained in the Annual Report which is available at www.rel.com.au.

Resolution 4: Election of Mr Andrew Aitken as a Director

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

“That Mr Andrew Aitken, being a Director of the Company who was appointed by the Directors on 18 July 2014 under Clause 11.11 of the Constitution and who retires under Clause 11.12 of the Constitution, and being eligible, is elected as a Director of the Company.”

Information about Mr Aitken is contained in the Annual Report which is available at www.rel.com.au.

Resolution 5: Election of Mr Stephen Donnelley as a Director

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

“That Mr Stephen Donnelley, being a Director of the Company who was appointed by the Directors on 9 April 2014 under Clause 11.11 of the Constitution and who retires under Clause 11.12 of the Constitution, and being eligible, is elected as a Director of the Company.”

Information about Mr Donnelley is contained in the Annual Report which is available at www.rel.com.au.

Resolution 6: Appointment of PricewaterhouseCoopers as Auditor

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

“That, subject to the Australian Securities and Investments Commission providing its consent to the resignation of BDO Audit (WA) Pty Limited as the auditor of the Company and to PricewaterhouseCoopers providing its written consent to act, that PricewaterhouseCoopers, being qualified to act as auditor of the Company, be appointed as the Company’s auditor effective from the end of the Annual General Meeting.”

Resolution 7: Increase in non-executive Directors’ fee pool

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

“That, in accordance with Clause 11.15 of the Constitution, the maximum aggregate sum payable by the Company to non-executive Directors of the Company as fees for their services as Directors be increased by \$200,000 to \$500,000.”

Voting Exclusion Statement

The Company will disregard any votes cast on this resolution (in any capacity) by any Director and any associate of that person.

However, the Company need not disregard a vote if:

- (a) 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
- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution 7 if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and

- (b) the appointment does not specify the way the proxy is to vote on this Resolution 7.

However, the above prohibition does not apply if:

- (c) the proxy is the Chair of the meeting; and
- (d) the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

SPECIAL BUSINESS

Resolution 8: Approval of issue of Completion Shares

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

“That for the purpose of ASX Listing Rule 7.1 and for all other purposes, the Company be authorised to issue a total of 133,317,678 fully paid ordinary shares in the Company to shareholders of Campbell Mining Services Pty Ltd ACN 100 097 112 (CMS) (CMS Vendors) and the shareholders of Ramps Australia Pty Ltd ACN 123 937 520 (RAMPS) (RAMPS Vendors) (on the terms and in the proportions set out in the Explanatory Memorandum) (Completion Shares), in satisfaction of part of the consideration payable by the Company for the acquisition by the Company of all of the issued share capital of CMS (other than shares in CMS held by RAMPS) and all of the issued share capital of RAMPS.”

Voting Exclusion Statement

The Company will disregard any votes cast on this resolution (in any capacity) by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed and any associate of that person, including:

- the CMS Vendors or any associate of the CMS Vendors; and
- the RAMPS Vendors or any associate of the RAMPS Vendors.

However, the Company need not disregard a vote if:

(a) 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

(b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 9: Approval of issue of Earn-Out Shares

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

“That for the purpose of ASX Listing Rule 7.1 and for all other purposes, the Company be authorised to issue up to 19,898,160 fully paid ordinary shares in the Company to shareholders of Campbell Mining Services Pty Ltd ACN 100 097 112 (CMS) (CMS Vendors) and the shareholders of Ramps Australia Pty Ltd ACN 123 937 520 (RAMPS) (RAMPS Vendors) (on the terms and in the proportions set out in the Explanatory Memorandum), (Earn-Out Shares) in satisfaction of part of the consideration payable by the Company for the acquisition by the Company of all of the issued share capital of CMS (other than shares in CMS held by RAMPS) and all of the issued share capital of RAMPS. The precise number Earn-Out Shares to be issued (if any) is to be calculated on the terms and in the proportions set out in the Explanatory Memorandum.”

Voting Exclusion Statement

The Company will disregard any votes cast on this resolution (in any capacity) by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed and any associate of that person, including:

- the CMS Vendors or any associate of the CMS Vendors; and
- the RAMPS Vendors or any associate of the RAMPS Vendors.

However, the Company need not disregard a vote if:

(a) 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

(b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 10: Adoption of the Resource Equipment Limited Performance Rights Plan

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

“That the Resource Equipment Limited Performance Rights Plan, the principal terms of which are summarised in the Explanatory Memorandum, and the issue of Performance Rights and Shares under that plan (insofar as Shares are to be issued on vesting), be approved by Shareholders for all purposes, including for the purpose of ASX Listing Rule 7.2 Exception 9 (as an exception to ASX Listing Rule 7.1).”

Voting Exclusion Statement

The Company will disregard any votes cast on this resolution (in any capacity) by any Directors (except a Director who is ineligible to participate in any employee incentive scheme in relation to the Company) and any associate of that person.

However, the Company need not disregard a vote if:

(a) 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

(b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution 10 if:

(a) the proxy is either:

- (i) a member of the Key Management Personnel; or
- (ii) a Closely Related Party of such a member; and

(b) the appointment does not specify the way the proxy is to vote on this Resolution 10.

However, the above prohibition does not apply if:

(c) the proxy is the Chair of the meeting; and

- (d) the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

Resolution 11: Issue of Performance Rights to Andrew Aitken

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

“That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, Shareholders approve and authorise the Directors to grant 11,357,142 Performance Rights, and to allot and issue Shares (insofar as Shares are to be issued on vesting), to Andrew Aitken (or his nominee(s)) in accordance with the terms of the Resource Equipment Limited Performance Rights Plan, as detailed in the Explanatory Memorandum.”

Voting Exclusion Statement

The Company will disregard any votes cast on this resolution (in any capacity) by any Directors (except a Director who is ineligible to participate in any employee incentive scheme in relation to the Company) and any associate of that person.

However, the Company need not disregard a vote if:

- (a) 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
- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution 11 if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution 11.

However, the above prohibition does not apply if:

- (c) the proxy is the Chair of the meeting; and
- (d) the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

GENERAL BUSINESS

Other Business

Shareholders will be provided the opportunity to raise any other business matters.

By Order of the Board

ANDREW AITKEN
Chief Executive Officer

VOTING AND PROXIES

Shareholders entitled to attend and vote at the Meeting

In accordance with the Company's Constitution and regulation 7.11.37 of the Corporations Regulations, the Board has determined that Shareholders entitled to attend and vote at the Meeting shall be those persons who are recorded in the Company's register of members at 7.00pm (WST) on Sunday, 16 November 2014.

Proxy Information

A Shareholder who is entitled to attend and vote at the Meeting may appoint a proxy. If the Shareholder is entitled to more than one vote, the Shareholder may appoint one or two proxies.

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 specify a proportion or number, each proxy may exercise one-half of the votes, in which case any fraction of votes will be disregarded.

A proxy need not be a member of the Company. If you require an additional proxy form, the Company will supply it on request. The proxy form and the power of attorney or other authority (if any) under which it is signed (or a certified copy) must be received by the Company on or prior to 10.30am (WST) on Sunday, 16 November 2014. Any proxy form received after that time will not be valid for the scheduled Meeting.

Proxies given by corporate Shareholders must be executed in accordance with their constitutions, or signed by a duly authorised attorney. A proxy may decide whether to vote on any motion, except where the proxy is required by law or the Company's Constitution to vote, or abstain from voting, in their capacity as proxy. If a proxy is directed how to vote on an item of business the proxy may vote on that item only in accordance with that direction. If a proxy is not directed how to vote on an item of business, a proxy may vote as he or she thinks fit. If a Shareholder appoints the Chairman of the Meeting as the Shareholder's proxy and does not specify how the Chairman is to vote on an item of business, the Chairman will vote, as proxy for the Shareholder, in favour of the item on a poll.

Corporate Representatives

A body corporate may elect to appoint a representative, rather than appoint a proxy, in accordance with section 250D of the Corporations Act. Where a body corporate appoints a representative the Company requires written proof of the representative's appointment to be lodged with or presented to the Company at or before the Meeting.

EXPLANATORY MEMORANDUM

This Explanatory Memorandum forms part of a Notice convening the Annual General Meeting of Shareholders to be held at the Royal Freshwater Bay Yacht Club, 1 Hobbs Place, Peppermint Grove, Western Australia on Tuesday, 18 November 2014 commencing at 10.30 am. This Memorandum is to assist Shareholders in understanding the background to and the legal and other implications of the Notice and the reasons for the Resolutions. Certain capitalised terms used in the Notice and this Explanatory Memorandum are defined in Section 10.

1. FINANCIAL STATEMENTS, DIRECTORS' REPORT AND AUDITOR'S REPORT

As required by section 317 of the Corporations Act, the financial report for the year ended 30 June 2014 and the accompanying Directors' Report, Directors' Declaration and Auditor's Report will be laid before the Meeting.

Neither the Corporations Act nor the Company's Constitution requires a vote on the reports. However, Shareholders will have an opportunity to ask questions about the report at the Meeting. Shareholders will also be given a reasonable opportunity to ask the Auditor questions about the Auditor's Report and audit conduct. Written questions may be submitted five (5) business days prior to the Meeting addressed to the Chairman and sent to the Company's registered office, about the management of the Company, or addressed to the Company's Auditor and sent to the Company's registered office about audit conduct, accounting policies used by the Company and Auditor independence. General questions about the management of the Company will also be taken.

The 2014 Annual Report can be found on the Company's website (www.rel.com.au).

The Remuneration Report is set out in the Directors' Report in the Company's 2014 Annual Report.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

Section 250R of the Corporations Act requires a listed company to put to shareholders at each AGM, a resolution adopting the report on the remuneration of the company's directors, executives and senior managers included in the company's annual report. The above Resolution is being proposed to comply with this requirement. The vote on this Resolution is advisory only and neither binds the Company's Directors nor the Company. However, under the Corporations Act if 25% or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive annual general meetings (effectively, two "strikes"), shareholders will be required to vote at the second of those annual general meetings on a resolution (referred to as a *spill resolution*) that another meeting be held within 90 days at which all of the Company's Directors (other than a Managing Director) must go up for re-election. At the Company's 2013 AGM, less than 25% of votes cast were against the Remuneration Report and the spill resolution is not, therefore, relevant for this Annual General Meeting.

The Chairman intends to vote all available proxies in favour of adopting the Remuneration Report. If the Chairman of the Meeting is appointed as your proxy and you have not specified the way the Chairman is to vote on this Resolution, by signing and returning the proxy form, the Shareholder is considered to have provided the Chairman with express authorisation for the Chairman to vote the proxy in accordance with the Chairman's voting intentions.

Proxy Votes on Resolution 1

The Key Management Personnel of the Company (which includes each of the directors and the executives named in the Company's 2014 Remuneration Report) and their Closely Related Parties will not be able to vote as your proxy on Resolution 1 unless you tell them how to vote, or the Chairman of the Meeting is your proxy. Accordingly, if you intend to appoint a member of the Key Management Personnel or one of their Closely Related Parties as your proxy, please ensure that you direct them how to vote on Resolution 1, otherwise they will not be able to cast your vote as your proxy on that resolution.

If you appoint the Chairman of the Meeting as your proxy, you can direct him how to vote by marking one of the boxes for Resolution 1 (i.e. to vote "for", "against" or "abstain"). If you appoint the Chairman of the Meeting as your proxy or the Chairman of the Meeting is appointed as your proxy by default, but you do not mark a voting box for Resolution 1, you will be taken to have expressly authorised the Chairman of the Meeting to exercise the proxy in respect of that resolution even though it is connected with the remuneration of Key Management Personnel.

3. RESOLUTIONS 2 & 3 – RE-ELECTION OF MR KEITH LUCAS AND MR ANTHONY RYDER

Clause 11.3 of the Constitution requires that at the Company's AGM one-third of the Directors shall retire from office provided always that no Director holds office for a period in excess of 3 years (with the exception of the Managing Director). With a board of five Directors, this requires two Directors to retire at the 2014 AGM.

Clause 11.4 of the Constitution also provides that a retiring Director is eligible for re-election. Messrs Lucas and Ryder have retired by rotation and now seek re-election in accordance with Clause 11.4 of the Constitution.

Information about Messrs Lucas and Ryder is contained in the Annual Report which is available at www.rel.com.au.

The Board (Mr Lucas abstaining) recommends that Shareholders vote in favour of Mr Lucas's re-election.

The Board (Mr Ryder abstaining) recommends that Shareholders vote in favour of Mr Ryder's re-election.

4. RESOLUTION 4 – RE-ELECTION OF MR ANDREW AITKEN

Mr Andrew Aitken, Chief Executive Officer, was appointed as an addition to the Board on 18 July 2014 (as announced to ASX on 17 July 2014). As required by ASX Listing Rule 14.4 and Clause 11.12 of the Company's Constitution, any person appointed to be a Director, either to fill a casual vacancy or as an addition to the existing Directors, holds office until the next AGM of the Company, but is eligible for re-election at that meeting.

Mr Aitken is eligible for re-election at the Meeting and offers himself for re-election as a Director in accordance with the Company's Constitution.

Information about Mr Aitken is contained in the Annual Report which is available at www.rel.com.au.

The Board (Mr Aitken abstaining) recommends that Shareholders vote in favour of Mr Aitken's re-election.

5. RESOLUTION 5 – RE-ELECTION OF MR STEPHEN DONNELLEY

Mr Stephen Donnelley was appointed as an addition to the Board on 9 April 2014 (as announced to ASX on 11 April 2014). As required by ASX Listing Rule 14.4 and clause 11.12 of the Company's Constitution, any person appointed to be a Director, either to fill a casual vacancy or as an addition to the existing Directors, holds office until the next AGM of the Company, but is eligible for re-election at that meeting.

Mr Donnelley is eligible for re-election at the Meeting and offers himself for re-election as a Director in accordance with the Company's Constitution.

Information about Mr Donnelley is contained in the Annual Report which is available at www.rel.com.au.

The Board (Mr Donnelley abstaining) recommends that Shareholders vote in favour of Mr Donnelley's re-election.

6. RESOLUTION 6 – APPOINTMENT OF PRICEWATERHOUSECOOPERS AS AUDITOR

The Company has received notification from BDO Audit (WA) Pty Limited of resignation as auditor of the Company, effective as at the date of the Annual General Meeting and subject to ASIC consenting to its resignation. The Company seeks member approval to appoint PricewaterhouseCoopers as the replacement auditor effective on and from the date of the Annual General Meeting, subject to ASIC consenting to the resignation of BDO Audit (WA) Pty Limited as auditor of the Company and the written consent to act as auditor from PricewaterhouseCoopers. PricewaterhouseCoopers has indicated that it is willing to accept the appointment and will provide its formal consent to act upon ASIC consenting to the resignation of BDO Audit (WA) Pty Limited as auditor of the Company.

A copy of the Notice of Nomination of PricewaterhouseCoopers as auditor is attached as Annexure 1.

The Board recommends the appointment of PricewaterhouseCoopers as the Company's auditor.

7. RESOLUTION 7 – INCREASE IN NON-EXECUTIVE DIRECTORS' FEE POOL

Resolution 7 proposes to increase the maximum aggregate amount payable to non-executive Directors as fees for their services as Directors by \$200,000 to \$500,000. The current limit of \$300,000 has not been increased since it was approved by Shareholders at the AGM held on 27 October 2005.

The fee pool covers all fees for services as a non-executive Director including committee fees and superannuation contributions. The Company does not pay any benefit in connection with a non-executive Director's retirement from office other than superannuation contributions. The remuneration of each Director of the Company for the year ended 30 June 2014 is detailed in the Company's 2014 Annual Report.

The Board considers that it is appropriate and reasonable at this time to seek an increase in the total remuneration pool available to be paid to non-executive Directors of the Company. Increasing the maximum aggregate amount payable does not mean that existing non-executive Directors will receive immediate fee increases or that the appointment of any new Director is imminent (apart from the proposed appointment of Mr Walter (Loddie) Naymola as a non-executive director as discussed in Section 8 below). Increasing the fee pool available does not mean the whole amount will be used. An increase in the fee pool will provide scope to retain and appoint additional suitably qualified and experienced non-executive Directors in the future and to pay fees which are consistent with market benchmarks. The Board considers that a fee pool of \$500,000 is appropriate for the Company given its size, operations and the jurisdictions in which it operates and will help enable the Company to attract and retain high calibre non-executive Directors.

No securities in the Company have been issued to a non-executive director under Listing Rules 10.11 or 10.14 with the approval of the shareholders at any time within the preceding three years.

Proxy Votes on Resolution 7

The Key Management Personnel of the Company (which includes each of the directors and the executives named in the Company's 2014 Remuneration Report) and their Closely Related Parties will not be able to vote as your proxy on Resolution 7 unless you tell them how to vote, or the Chairman of the Meeting is your proxy. Accordingly, if you intend to appoint a member of the Key Management Personnel or one of their Closely Related Parties as your proxy, please ensure that you direct them how to vote on Resolution 7, otherwise they will not be able to cast your vote as your proxy on that resolution.

If you appoint the Chairman of the Meeting as your proxy, you can direct him how to vote by marking one of the boxes for Resolution 7 (i.e. to vote "for", "against" or "abstain"). If you appoint the Chairman of the Meeting as your proxy or the Chairman of the Meeting is appointed as your proxy by default, but you do not mark a voting box for Resolution 7, you will be taken to have expressly authorised the Chairman of the Meeting to exercise the proxy in respect of that resolution even though it is connected with the remuneration of Key Management Personnel.

Given their interest in the subject matter of this Resolution, the Directors of the Company make no voting recommendation to you in relation to Resolution 7.

8. RESOLUTIONS 8 AND 9 – ISSUE OF SHARES AS CONSIDERATION FOR THE ACQUISITION OF CAMPBELL MINING SERVICES PTY LTD AND RAMPS AUSTRALIA PTY LTD BACKGROUND

As announced to the market on 25 September 2014, the Company has entered into a share sale agreement with the owners of Campbell Mining Services Pty Ltd (ACN: 100 097 112) (**CMS**) and Ramps Australia Pty Ltd (ACN: 123 937 520) (**RAMPS**) to acquire all of the issued share capital of CMS (other than the shares owned by RAMPS) and all of the issued share capital of RAMPS (**Share Sale Agreement**).

The CMS Vendors together with their respective shareholdings in CMS are summarised below:

CMS Vendor	Percentage ordinary shareholding in CMS
CFT (CMS) Pty Ltd ACN 129 758 863 as trustee for the Campbell Family Trust	33.3%
Walter Eugene Naymola	15.7%

RAMPS holds the remaining 1,785,000 ordinary shares in CMS, representing the remaining 51% of CMS. These shares are not being acquired by the Company directly, however the Company is indirectly acquiring the entire issued capital of CMS as a result of acquiring all issued shares in RAMPS in addition to the above shares in CMS held by the CMS Vendors.

The RAMPS Vendors together with their respective shareholdings in RAMPS are summarised below:

RAMPS Vendor	Percentage ordinary shareholding in RAMPS
Ashsky Pty Ltd ACN 128 345 406	65.4%
Walter Eugene Naymola	34.6%

Pursuant to the Share Sale Agreement, the consideration for the acquisition of the issued share capital of CMS and the issued share capital of RAMPS is comprised of the following:

- a) Initial consideration payable at completion as follows:
 - I. the issue of 65,325,682 Completion Shares to the CMS Vendors in the proportions for the Vendors specified in the table and related notes on page 15 (**Relevant Proportions**);
 - II. the issue of 67,991,996 Completion Shares to the RAMPS Vendors in the Relevant Proportions; and
 - III. a cash amount to reimburse the Vendors for the cost of certain fixed assets acquired by CMS since 30 June 2014. This amount is capped at a maximum of \$2,000,000 and will be reduced by the amount of any cash received by CMS for the sale of any fixed assets since 30 June 2014.
- b) Following completion, a cash adjustment amount that may be either a positive amount (paid to the Vendors in their Relevant Proportions as part of the purchase price) or a negative amount (paid to the Company by the Vendors by way of reduction of the purchase price).¹
- c) Earn-out consideration payable approximately 16 months from completion as follows:
 - I. the issue of up to 9,750,101 Earn-Out Shares to the CMS Vendors in the Relevant Proportions; and
 - II. the issue of up to 10,148,059 Earn-Out Shares to the RAMPS Vendors in the Relevant Proportions.

The trigger for the issuance of the Earn-Out Shares is based on achievement of the total Company, CMS and RAMPS “Normalised” earnings before interest, tax, depreciation and amortisation for the twelve month period from completion (**Combined EBITDA**) of not less than \$21 million. For these purposes, Normalisation will involve the making of adjustments to

¹ In summary, if CMS’ working capital less net debt exceeds \$900,000 at completion, the difference (adjusted for other items such as uncollected receivables) will be paid by the Company to the Vendors, while if working capital less net debt is less than \$900,000, the difference (adjusted as noted above) will be paid by the Vendors to the Company.

remove the impact of unusual or non-recurring items such as share, asset or business acquisitions or changes to accounting policies.

The precise number of Earn-Out Shares to be issued will then increase on a pro-rata basis, achieving the maximum number of Earn-Out Shares to be issued at a Combined EBITDA of \$22 million. The table below summarises the above calculation:

Combined EBITDA	CMS Vendors Completion Shares	RAMPS Vendors Completion Shares	CMS Vendors Earn-Out Shares	RAMPS Vendors Earn-Out Shares	Total of Vendors' shareholdings in the Company [#]
<\$21.00mn	65,325,682	67,991,996	0	0	30.0%
\$21.33mn	65,325,682	67,991,996	3,155,829	3,284,637	31.0%
\$21.67mn	65,325,682	67,991,996	6,404,479	6,665,882	32.0%
≥\$22.00mn	65,325,682	67,991,996	9,750,101	10,148,059	33.0%

On a fully diluted basis (but excluding any performance rights to be issued to Andrew Aitken pursuant to Resolution 11 or Shares issued on vesting of such rights) following the issue of the Completion Shares and Earn-Out Shares and assuming 311,074,580 Shares on issue at the date of this Notice and no other share issues.

The parties have agreed to use Combined EBITDA as the milestone rather an earnings milestone that relates only to the financial performance of CMS for a number of reasons, including the following:

- While CMS will be a wholly-owned subsidiary of the Company, the intention is that the Company and CMS will be operated as a single business unit.
- The parties believe that the merger of their respective businesses will enable cost savings, earnings accretions and other synergies (**Synergies**) to be made which will benefit all shareholders of the Company. Some of these Synergies might be made at the Company entity level; others might be made at the CMS entity level. The parties believe that the Vendors' entitlement to the Earn-Out Shares should not depend on where the Synergy is made.
- The Company's business is simple, in the sense that it is a single business, not a conglomerate of separate businesses. Accordingly, the calculation of Combined EBITDA will not be affected by earnings of other businesses that do not relate to the activities undertaken by the combined REL and CMS.
- If the Company were to undertake any further acquisitions, the earnings of those businesses would not be taken into account in calculating Combined EBITDA, as a result of "Normalisation" as discussed above.

In all these circumstances (and also having regard to the escrow arrangements for the Completion Shares discussed below), the Board is satisfied that it is appropriate and in the best interests of the Company's shareholders that the performance milestone for the Earn-Out Shares be calculated in this manner.

A summary of the consideration payable to each Vendor in relation to the Transaction, including their Relevant Proportions (ie the percentage of the consideration each Vendor is entitled to), is set out as follows:

Vendor	Relevant Proportion	Completion Shares	Percentage shareholding in the Company as a result of the Transaction ¹	Earn-Out Shares (assuming \$22 million Combined EBITDA)	Percentage shareholding in the Company as a result of the Transaction ²
CFT (CMS) Pty Ltd ACN 129 758 863 as trustee for the Campbell Family Trust	33.3%	44,439,226	10%	6,632,720	11%
Ashsky Pty Ltd ACN 128 345 406	33.3%	44,439,226	10%	6,632,720	11%
Walter Eugene Naymola ³	33.3%	44,439,226	10%	6,632,720	11%

¹ On a fully diluted basis immediately following the issue of the Completion Shares and assuming 311,074,580 Shares on issue at the date of this Notice and no other share issues by the Company (but excluding any performance rights to be issued to Andrew Aitken pursuant to Resolution 11 or Shares issued on vesting of such rights).

² On a fully diluted basis immediately following the issue of the Earn-Out Shares and assuming 311,074,580 Shares on issue at the date of this Notice and no other share issues by the Company (but excluding any performance rights to be issued to Andrew Aitken pursuant to Resolution 11 or Shares issued on vesting of such rights).

³ Mr Walter Naymola is both a CMS Vendor with a Relevant Proportion of 15.7% and a RAMPS Vendor with a Relevant Proportion of 17.7%, hence his total position in relation to the Transaction as shown in the above table represents the aggregate of 20,886,456 Completion Shares he will receive as a CMS Vendor and 23,552,770 Completion Shares he will receive as a RAMPS Vendor, and up to 3,117,381 Earn-Out Shares he may receive as a CMS Vendor and up to 3,515,339 Earn-Out Shares he may receive as a RAMPS Vendor. Mr Naymola also has a direct or indirect beneficial interest in 1 million Shares other than pursuant to the Transaction.

On completion, Mr Walter (Loddie) Naymola (one of the Vendors), will be appointed as a non-executive director of the Company.

To the extent that the full number of Earn-Out Shares are not required to be issued, the Vendors have an option to subscribe for that number of Shares representing the difference between any Earn-Out Shares issued and the maximum of 19,898,160 Earn-Out Shares. The issue price will be the higher of the 5 day volume weighted average price of Shares and the net tangible assets per Share implied by the most recent Company audited accounts. If any Shares are issued pursuant to this option, and assuming that there are no restrictions at that date with the Company issuing new shares, they will be issued at the same time as any Earn-Out Shares and will not be subject to any escrow agreements. Under the Share Sale Agreement, the Vendors have warranted to the Company that they are not associates (as defined in the Corporations Act) of one another in relation to the affairs of the Company and that the issue of the Completion Shares and the Earn-Out Shares to the Vendors in the Relevant Proportions set out above will not cause the voting power of the Vendors or any of their associates in the Company to increase from below 20% to more than 20% or from a starting point above 20% and below 90%.

The Vendors have also warranted that none of them are related parties of the Company for the purposes of Part 2E.1 of the Corporations Act, other than Mr Naymola being a related party by reason only of this Transaction, under section 228(6) of the Corporations Act.

On or before completion, each of the Vendors will enter into an escrow agreement with the Company under which that Vendor will be prohibited from disposing or otherwise dealing with the Completion Shares issued to it for a period of two years. These are “voluntary” escrow agreements, in the sense that they are not required under the ASX Listing Rules. The Vendors will be permitted to sell their shares into a takeover bid for the Company or have their shares transferred or cancelled under a scheme of arrangement in relation to the Company. The Vendors will also be free to exercise their voting rights in relation to the shares. The Company has applied to ASIC for, and been granted, relief under section 665A(1) of the Corporations Act so that its relevant interest in these shares (which arises as a result of the escrow agreements) can be disregarded for the purposes of the takeover provisions.

Pursuant to Resolutions 8 and 9, the Company is seeking shareholder approval in accordance with Listing Rule 7.1 and for all other purposes for the issue of the Completion Shares and the Earn-Out Shares to the Vendors in their Relevant Proportions.

LISTING RULE 7.1

Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period. Equity securities issued with shareholder approval under Listing Rule 7.1 do not count towards the 15% limit under Listing Rule 7.1 or the 10% limit under Listing Rule 7.1A.

In accordance with Listing Rule 7.1, shareholder approval is sought to issue the Completion Shares and the Earn-Out Shares. The effect of Resolutions 8 and 9 will be to:

- a) allow the Company to issue the Completion Shares during the 3 month period after the Meeting, without using the Company’s 15% annual placement capacity, pursuant to Listing Rule 7.1; and
- b) allow the Company to issue the Earn-Out Shares within a 24 month period after the Meeting (noting that ASX has granted the Company a waiver to Listing Rule 7.3.2 as discussed further below), without using the Company’s 15% annual placement capacity pursuant to Listing Rule 7.1 and avoiding the need to seek further Shareholder approval or ratification at the time of issue of the Earn-Out Shares.

For the purposes of Listing Rule 7.3, the Company provides the following information:

a) Number of securities to be issued

- I. The total number of Completion Shares to be issued to the CMS Vendors in their Relevant Proportions is 65,325,682.
- II. The total number of Completion Shares to be issued to the RAMPS Vendors in their Relevant Proportions is 67,991,996.
- III. The maximum total number of Earn-Out Shares to be issued to the CMS Vendors in their Relevant Proportions is 9,750,101 and the maximum number of Earn-Out Shares to be issued to the RAMPS Vendors in their Relevant Proportions is 10,148,059. The actual number of Earn-Out Shares to be issued cannot be determined definitively at the date of this Notice given the number of Earn-Out Shares to be issued (if any) is dependent upon what Combined EBITDA is achieved as discussed above.

b) Date by which the Company will issue the securities

- I. Subject to Shareholder approval being obtained, the Company proposes to issue the Completion Shares at completion, which is presently estimated to occur on 28 November 2014 and, in any event, no later than three months from the date of the Meeting.
- II. Pursuant to the Share Sale Agreement:
 1. a determination of the Combined EBITDA in accordance with the procedure set out in the Share Sale Agreement (including opportunities for review, requests for additional information and resolution by the parties of disputed items, but not taking account of any determination of an unresolved dispute referred to an external expert) is presently estimated to occur by around 15 March 2016 (assuming completion takes place on 28 November 2014) **(Combined EBITDA Determination)**; and
 2. subject to obtaining Shareholder approval, the Company must issue the Earn-Out Shares within 10 business days of the Combined EBITDA Determination.

Listing Rule 7.3.2 provides that a notice of meeting must state the date by which an entity will issue the securities which must be no later than three months after the date of the Meeting.

The Company has applied for, and been granted, a waiver of Listing Rule 7.3.2 to enable it to issue the Earn-Out Shares not later than 24 months from the date of the Meeting (ie by 28 November 2016), being outside the stipulated three month period for the issue of shares in Listing Rule 7.3.2.

c) Issue price of the securities

- I. The Completion Shares are to be issued at a deemed issue price of the volume weighted average market price for the Company's Shares calculated over the last 5 days on which sales in Shares were recorded before the day on which the issue was made.

- II. The Earn-Out Shares are to be issued at a deemed issue price of the volume weighted average market price for the Company's Shares calculated over the last 5 days on which sales in Shares were recorded before the day on which the issue was made.
- d) Recipients of the securities
- I. Please refer to the table on page 15 for details of the names of the CMS Vendors and RAMPS Vendors and the consideration payable to each of those Vendors.
- e) Terms of the securities
- I. The Completion Shares will be fully paid ordinary shares in the Company and rank equally with other Shares on issue and will be subject to a 24 month escrow period (commencing at the date of the escrow agreement), whereby those shares may not be sold, transferred, disposed of or otherwise dealt with at any time in that 24 month period. However, the Vendors will be permitted to sell their Completion Shares into a takeover bid for the Company or have their Completion Shares transferred or cancelled under a scheme of arrangement in relation to the Company, provided such a bid or scheme is successful. The Vendors will also be free to exercise their voting rights in relation to the Completion Shares.
 - II. The Earn-Out Shares will not be subject to escrow, and will be fully paid ordinary shares in the Company and rank equally with other Shares on issue.
- f) Use of funds
- I. No funds will be raised by the issue of the Completion Shares as they will be issued in satisfaction of part of the consideration payable by the Company for the acquisition by the Company of all of the issued share capital of CMS (except the shares held by RAMPS) and all of the issued share capital of RAMPS.
 - II. No funds will be raised by the issue of the Earn-Out Shares as they will be issued in satisfaction of part of the consideration payable by the Company for the acquisition by the Company of all of the issued share capital of CMS (except the shares held by RAMPS) and all of the issued share capital of RAMPS.

For completeness, it is also noted that Shareholders' approval under Chapter 2E of the Corporations Act (related party benefits) and Listing Rule 10.11 (issues of securities to related parties) is not required because the Transaction has been negotiated at arm's length and Mr Naymola is a related party only by virtue of section 228(6) and hence Exception 6 in Listing Rule 10.12 applies.

BOARD RECOMMENDATION

The Board unanimously approved the CMS transaction and recommends that Shareholders vote in favour of Resolutions 8 and 9. The reasons the Board makes this recommendation are that:

- a) It considers that an acquisition of CMS and RAMPS by the Company represents an attractive opportunity for the Company and its shareholders, and is in the best interests of the Company; and
- b) The terms of the proposed acquisition require the Company to issue the Completion Shares and the Earn-Out Shares (subject to conditions outlined above).

9. RESOLUTION 10 - APPROVAL OF THE RESOURCE EQUIPMENT LIMITED PERFORMANCE RIGHTS PLAN

Resolution 10 seeks Shareholder approval for the Company to grant Performance Rights and to allot and issue Shares (insofar as Shares are to be issued on vesting) under a new employee incentive scheme titled Resource Equipment Limited Performance Rights Plan (**Plan**) in accordance with ASX Listing Rule 7.2 (Exception 9(b)) and for all other purposes.

The Company's existing performance rights plan (**Existing Plan**) was approved by Shareholders at a general meeting of the Company held on 8 September 2010, and it was subsequently amended at the AGM held on 29 November 2012. A total number of 6,105,782 Shares have been issued pursuant to the Existing Plan since the date of approval.

The Company has revisited its long term incentive ("LTI") arrangements to ensure that it continues to reward, retain and motivate senior executives in a manner aligned with Shareholders. After exploring a number of equity incentive vehicles, it was decided that a new performance rights plan would best serve the Company's objectives moving forward.

Under the Plan, senior executives will be granted Performance Rights. Vesting of any Performance Rights granted under the Plan will be subject to the satisfaction of performance hurdles and/or vesting conditions which will be specified in the terms of the invitation.

Each Performance Right represents a right to receive one ordinary Share in the Company at vesting.

The LTI quantum to be granted will be determined with reference to market practice and will be subject to approval by the Board. The LTI dollar value that senior executives will be entitled to receive is set at a fixed percentage of their fixed remuneration, depending on the participant's level and seniority. LTI quantum is set at 50% of base salary for the CEO. This level of LTI is in line with current market practice.

The Plan will enable the Company to make grants to senior executives so that LTIs form a key component of their total remuneration. This will better align the remuneration packages of the Company's senior executives with current market practice.

The Plan will also enable the Company to deliver STI awards in the form of a grant of Performance Rights as opposed to a cash bonus award.

The Board believes that grants made under the Plan will serve a number of purposes, including:

- to act as a key retention tool; and
- to focus on future Shareholder value generation.

The Plan signifies a move towards a structure that will reward long-term sustainable Shareholder value generation. As the Company focuses on a restructure of the business to unlock long term value the focus will be on senior executives being predominantly rewarded through the allocation of equity based incentives.

It is proposed that Performance Rights will be issued to participants in accordance with the rules of the Plan. A summary of the principal terms of the Plan rules is set out in Schedule A to this Explanatory Memorandum.

No Performance Rights have yet been issued by the Company under the Plan.

It is currently proposed that the Company will make grants of Performance Rights to Andrew Aitken in November 2014 under the terms of the Plan.

Any future issues of Performance Rights under the Plan to a Director, an associate of the Director, or a person whose relationship with the Company, Director or associate of the Director is, in ASX's opinion, such that approval should be obtained will require additional Shareholder approval under ASX Listing Rule 10.14 at the relevant time. For this reason, the Company is also seeking approval under Resolution 11 for the issue of 11,357,142 Performance Rights pursuant to the Plan to Andrew Aitken, the Managing Director of the Company.

ASX Listing Rule requirements

Shareholder approval is being sought to approve the issue of Performance Rights and to allot and issue Shares (insofar as Shares are to be issued on vesting) under the Plan for the purpose of ASX Listing Rule 7.2 Exception 9 (as an exception to ASX Listing Rule 7.1) and for all other relevant purposes.

ASX Listing Rule 7.1 provides that without the approval of the holders of ordinary securities, 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 Exception 9 which is an issue under an employee incentive scheme if within 3 years before the date of issue the holders of ordinary securities have approved the issue of securities under the scheme as an exception to this rule. The effect of Resolution 10 will be to allow the Directors to allot and issue Performance Rights and Shares (insofar as Shares are to be issued on vesting) during the period of 3 years after the Meeting, without using the Company's 15% annual placement capacity.

A summary of the key terms and conditions of the Plan is set out in Schedule A. In addition, a copy of the Plan is available for review by Shareholders at the registered office of the Company until the date of the Meeting. A copy of the Plan can also be sent to Shareholders upon request to the Company Secretary (+ 61 6141 6500).

Proxy Votes on Resolution 10

The Key Management Personnel of the Company (which includes each of the directors and the executives named in the Company's 2014 Remuneration Report) and their Closely Related Parties will not be able to vote as your proxy on Resolution 10 unless you tell them how to vote, or the Chairman of the Meeting is your proxy. Accordingly, if you intend to appoint a member of the Key Management Personnel or one of their Closely Related Parties as your proxy, please ensure that you direct them how to vote on Resolution 10, otherwise they will not be able to cast your vote as your proxy on that resolution.

If you appoint the Chairman of the Meeting as your proxy, you can direct him how to vote by marking one of the boxes for Resolution 10 (i.e. to vote "for", "against" or "abstain"). If you appoint the Chairman of the Meeting as your proxy or the Chairman of the Meeting is appointed as your proxy by default, but you do not mark a voting box for Resolution 10, you will be taken to have expressly authorised the Chairman of the Meeting to exercise the proxy in respect of that resolution even though it is connected with the remuneration of Key Management Personnel.

Recommendation

The non-executive directors recommend that Shareholders vote in favour of the resolution to approve the Plan.

10. RESOLUTION 11 - ISSUE OF PERFORMANCE RIGHTS TO ANDREW AITKEN

Resolution 11 seeks approval to issue 11,357,142 Performance Rights and to allot and issue Shares (insofar as Shares are to be issued on vesting) to Andrew Aitken under the Plan.

Andrew Aitken is the Managing Director of the Company.

The structure of Andrew Aitken's remuneration package should be brought into line with market practice, so that LTI forms a key component of the total annual remuneration package. A significant portion of total remuneration should be placed at-risk and delivered in equity to better align his interests with those of Shareholders, to encourage the production of long-term sustainable growth, and to assist with retention.

As such, the Board has resolved to introduce the Plan, under which Performance Rights may be granted (as described below). The proposal to issue Performance Rights to Andrew Aitken is aligned to Resolution 11.

1) Vehicle

It is proposed that Performance Rights be issued to Andrew Aitken. Performance Rights are the most common share based incentive plan currently used by ASX listed companies, they are simple to understand and administer and their value is transparent, being equal to the underlying share price.

2) Quantum, vesting conditions and performance period

STI

Under the STI plan an annual bonus of up to 50% of fixed remuneration could be awarded subject to meeting the key performance measures for the relevant financial year. The bonus would currently equate to a maximum award of \$265,000 per annum. Instead of the STI being delivered in cash the Board has resolved to mandate that for FY15, FY16 and FY17 any bonus due must be taken in the form of Performance Rights. This is to provide a greater shareholder alignment by ensuring the value of STI awards is aligned to the future share price.

Based on an assumed maximum STI award of \$265,000 per annum and using a share allocation price of \$0.14, a maximum of 5,678,571 Performance Rights could be awarded over 3 years.

It is proposed that the award of 5,678,571 Performance Rights will be granted upfront and subject to vesting conditions as follows:

- Tranche 1 – 1,135,714 Performance Rights will vest subject to performance against the STI plans FY15 key performance measures and remaining employed from the date of grant to 1 July 2015.
- Tranche 2 – 1,703,571 Performance Rights will vest subject to performance against the STI plans FY16 key performance measures and remaining employed from the date of grant to 1 July 2016.
- Tranche 3 – 2,839,286 Performance Rights will vest subject to performance against the STI plans FY17 key performance measures and remaining employed as at 1 July 2017.

The STI has been designed to aid with retention and as such, greater weighting has been placed on Tranche 3 to encourage service with the Company.

LTI

Under the LTI plan an annual award of up to 50% of fixed remuneration could be awarded subject to meeting the key performance measures, this would currently equate to an annual LTI award of \$265,000.

Typical practice is for LTI awards to be made on an annual basis. However, in order to focus on the long term restructure of the business it has been decided a better structure would be allocate all of the next three years LTI awards now, with no further LTI awards to occur for the next 5 years.

Based on an assumed maximum LTI award of \$265,000 per annum and using a share allocation price of \$0.14, a maximum of 5,678,571 Performance Rights could be awarded over 3 years, with this grant to be awarded now.

Under the LTI plan the 5,678,571 Performance Rights will be split into 3 equal tranches as follows:

- Tranche 1 – 1,892,857 Performance Rights will vest subject to achieving an EPS target (as set by the Board) for FY15 and remaining employed up until 1 July 2017

- Tranche 2 – 1,892,857 Performance Rights will vest subject to achieving an EPS target (as set by the Board) for FY16 and remaining employed up until 1 July 2017
- Tranche 3 – 1,892,857 Performance Rights will vest subject to achieving an EPS target (as set by the Board) for FY17 and remaining employed up until 1 July 2017

EPS measures the portion of a company's profit attributable to Shareholders per issued Share, and serves as an indicator of a company's profitability. In calculating EPS, the Board may exercise its discretion to normalise earnings to take into account unusual or one-off events. The Board will only exercise its discretion where necessary to look through these abnormal variations in profitability so that focus is placed on what represents the company's core earnings.

Achievement of the EPS hurdle will provide a reward when the Company meets or exceeds the target set by the Board. If Tranche 2 Performance Rights do not pass the relevant EPS hurdle, they will remain on foot with performance being retested at the end of the following financial year (FY17) against the EPS target set for Tranche 3 Performance Rights.

There will be no retesting of any other hurdles. Any Performance Rights that fail to become exercisable by the end of the vesting period due to a failure to satisfy vesting conditions and/or performance hurdles will lapse and be forfeited.

Due to commercial sensitivities, the Company will disclose on a look-back basis in the Company's annual report details of the Profit After Tax and EPS targets that were set, the process taken by the Board in setting those targets, and the performance achieved against those targets that have resulted in vesting or lapsing of the relevant Performance Rights.

Any shares allocated or issued on vesting of Performance Rights will be restricted from disposal until 1 September 2018. This is to ensure that the ultimate value received will be referenced to the share price at the end of a 4 year period.

The proposed structure will focus on growing the EPS of the business, retaining the services of the CEO for the period necessary to see the restructure through, and with the value ultimately realised under the plan being aligned to the future share price over the long term.

Therefore, it is proposed to grant a total of 11,357,142 Performance Rights to Andrew Aitken (or his nominee(s)) for the financial year ending 30 June 2015 ("FY15") under the STI and LTI plans. It is intended that no further grants of Performance Rights will be made prior to 1 July 2018.

ASX Listing Rule requirements

For the purposes of the approval sought under ASX Listing Rule 10.14 and for all other purposes, the following information is provided to Shareholders in respect of the Performance Rights:

- The Performance Rights will be granted to Andrew Aitken, Managing Director.
- Subject to Shareholder approval being obtained, the number of Performance Rights granted to Andrew Aitken will be a maximum of 11,357,142 Performance Rights.
- If all Andrew Aitken's 11,357,142 Performance Rights vest, the maximum number of ordinary Shares that may be issued to Andrew Aitken will be 11,357,142 ordinary Shares.
- No consideration is payable by Andrew Aitken at the time of grant of the Performance Rights or upon the allocation of Shares to which he may become entitled to on the vesting of some or all of the Performance Rights.
- The initial grant of Performance Rights will be subject to the performance hurdles outlined above.
- No grants have been made under the Plan as at the date of this Explanatory Memorandum, and it is expected that none will be made until after the date of the 2014 Annual General Meeting.

- Full details of Andrew Aitken's holdings of Shares and Options are set out on in the Company's 2014 Annual Report.
- The names of all persons referred to in Listing Rule 10.14 entitled to participate in the Plan are as follows:

Andrew Aitken

Anthony Ryder

- No loans will be made by the Company in connection with the acquisition of the Performance Rights.
- It is expected that the Performance Rights will be granted to Andrew Aitken as soon as practicable after Shareholder approval is received and in any event no later than 12 months from the date of the Annual General Meeting without obtaining further Shareholder approval.

Proxy Votes on Resolution 11

The Key Management Personnel of the Company (which includes each of the directors and the executives named in the Company's 2014 Remuneration Report) and their Closely Related Parties will not be able to vote as your proxy on Resolution 11 unless you tell them how to vote, or the Chairman of the Meeting is your proxy. Accordingly, if you intend to appoint a member of the Key Management Personnel or one of their Closely Related Parties as your proxy, please ensure that you direct them how to vote on Resolution 11, otherwise they will not be able to cast your vote as your proxy on that resolution.

If you appoint the Chairman of the Meeting as your proxy, you can direct him how to vote by marking one of the boxes for Resolution 11 (i.e. to vote "for", "against" or "abstain"). If you appoint the Chairman of the Meeting as your proxy or the Chairman of the Meeting is appointed as your proxy by default, but you do not mark a voting box for Resolution 11, you will be taken to have expressly authorised the Chairman of the Meeting to exercise the proxy in respect of that resolution even though it is connected with the remuneration of Key Management Personnel.

Recommendation

The non-executive directors recommend that Shareholders vote in favour of the resolution to approve the grants of Performance Rights to Andrew Aitken.

Schedule A – Key Terms of Resource Equipment Limited Performance Rights Plan

The key terms of the Plan are as follows:

(a) **Eligibility:** Employees (whether full or part-time) and salaried directors (**Eligible Employees**) of any member of the Group are entitled to participate in the Plan.

(b) **Purpose:** The purpose of the Plan is to:

- (i) assist in the reward, retention and motivation of Eligible Employees;
- (ii) link the reward of Eligible Employees to Shareholder value creation; and
- (iii) align the interests of Eligible Employees with Shareholders by providing an opportunity for Eligible Employees to receive an equity interest in the Company in the form of Share Performance Rights.

(c) **Invitation:** Following determination that an Eligible Employee may participate in the Plan, the Board may at any time, and from time to time, make an Invitation to that Eligible Employee.

An Invitation to an Eligible Employee to apply for a Performance Right may be made on such terms and conditions as the Board decides from time to time, including as to:

- (i) the number of Performance Rights for which that Eligible Employee may apply;
- (ii) the Grant Date;
- (iii) the amount payable (if any) for the grant of each Performance Right (such amount not to exceed nominal monetary consideration);
- (iv) the Vesting Conditions;
- (v) the Performance Hurdles and any other conditions;
- (vi) disposal restrictions attaching to the Plan Shares (if any); and
- (i) any other supplementary terms and conditions.

(d) **Plan Limit:** The Board must not issue an Invitation, grant a Performance Right or issue a Plan Share, 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 five (5) years under this 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 an Excluded Offer, would exceed five per cent (5%) of the total number of Shares on issue at that time.

(e) **Performance Right:** means the right of a Participant to be issued or transferred one or more Share(s) (whether directly, or to or by the Trustee to be held for and on behalf of the Participant), subject to any Vesting Conditions, Performance Hurdles and other conditions being determined by the Board (acting reasonably) to be satisfied, waived by the Board, or deemed to have been satisfied under these Rules.

- (f) **Vesting:** Vesting of Performance Rights is subject to any vesting conditions and/or performance hurdles and/or any other conditions determined by the Board.
- (g) **No quotation:** The Company will not apply for official quotation of Performance Rights on the ASX, unless the Board determines otherwise.
- (h) **Transferability and restrictions:** Subject to the Board determining otherwise or by operation of law, Performance Rights are not generally transferable.
- (i) **Forfeiture:** Unless the Board determines otherwise, unvested Performance Rights will be forfeited upon the earlier of:
 - (i) a participant ceasing to be an Eligible Employee;
 - (i) the Board determining that the participant has acted fraudulently or dishonestly, or wilfully breached his or her duties;
 - (ii) the Board determining that performance hurdles and/or vesting conditions and/or other conditions have not been met or cannot be met;
 - (iii) an insolvency event occurring in relation to a participant;
 - (iv) the Performance Right expiring in accordance with its expiry date; and

Forfeited Performance Rights will immediately lapse.
- (j) **Change of Control:** The Board in its sole and absolute discretion will determine the manner in which any or all of a participant's Performance Rights are dealt with on a change of control event, including (without limitation) in a manner that allows the participant to participate in and/or benefit from any transaction arising from or in connection with the change of control event.
- (k) **Shares:** All Shares issued or transferred to a participant upon the vesting of Performance Rights (**Plan Shares**) will rank pari passu in all respects with other Shares of the same class for the time being on issue except for any rights attaching to the Shares by reference to a record date prior to the date of the allotment or transfer of the Plan Shares.
- (l) **Adjustments:** Subject to the Listing Rules and applicable law, if the Company makes any 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, the Board may in its discretion make adjustments to a participant's Performance Rights on any basis it sees fit to minimise any advantage or disadvantage accruing to the participant as a result of such corporate actions or alterations to capital.
- (m) **Administration of the Plan:** The Plan will be administered by the Board. Any powers or discretions conferred on the Board by the Plan rules may be exercised in the Board's sole and absolute discretion. The Board may delegate its powers or discretions to other persons on terms as the Board sees fit.
- (n) **Trust:** The Board may, in its discretion, use an employee share trust or other mechanism for the purposes of holding Shares before or after the exercise of a Performance Right or delivering any Plan Shares arising from the exercise of a Performance Right under these Rules on such terms and conditions as determined by the Board.

(o) **Amendments to Plan rules:** The Board may at any time amend the rules of the Plan and determine that any such amendments be given retrospective effect. However, no such amendment may be made if the amendment materially reduces the rights of any holder of Performance Rights issued to them prior to the date of the amendment, other than an amendment that is introduced primarily:

- (i) for the purposes of complying with or conforming to present or future legislation governing or regulating the Plan or like plans;
- (ii) to correct any manifest error or mistake;
- (iii) to allow the implementation of a trust arrangement in relation to the holding of Shares issued under the Plan;
- (iv) for the purpose of complying with applicable laws; and/or
- (v) to take into consideration possible adverse taxation implications in respect of the Plan including changes to applicable taxation legislation or the interpretation of that legislation by a court of competent jurisdiction or any rulings from taxation authorities administering such legislation,

unless otherwise agreed to in writing by all holders of Performance Rights.

10. INTERPRETATION

In this Explanatory Memorandum:

Accounting Standards	has the meaning given to that term in the Corporations Act.
AGM	means annual general meeting.
Auditor	means the auditor of the Company.
ASX	means, as the context requires, ASX Limited (ACN 008 624 691) or the securities market it operates known as the Australian Securities Exchange.
Board	means the board of Directors.
Closely Related Party of a member of the Key Management Personnel	has the same meaning as defined in Section 9 of the Corporations Act, and includes a spouse or child of the member; a child of the member's spouse; a dependent of the member or the member's spouse; anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity; a company the member controls; or a person prescribed by the Corporations Regulations.
CMS	means Campbell Mining Services Pty Ltd ACN 100 097 112.
CMS Vendors	means CFT (CMS) Pty Ltd ACN 129 758 863 as trustee for the Campbell Family Trust and Walter Eugene Naymola.
Combined EBITDA	means the financial performance milestone agreed under the Share Sale Agreement which determines the number of Earn-Out Shares (if any) that are to be issued to the Vendors, as more particularly described in Section 8 of the Explanatory Memorandum.
Company	means Resource Equipment Limited (ACN 098 812 492).
Completion Shares	means 133,317,678 Shares the subject of Resolution 8.
Constitution	means the constitution of the Company.
Corporations Act	means the <i>Corporations Act 2001</i> (Cth).
Corporations Regulations	means the <i>Corporations Regulations 2001</i> (Cth).
Directors	means the Directors of the Company.
Earn-Out Shares	means up to 19,898,160 Shares the subject of Resolution 9.
Explanatory Memorandum	means this explanatory memorandum.
Key Management Personnel	has the meaning given to it in the Accounting Standards and includes all persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including all Directors (whether executive or otherwise) of the Company.

Listing Rules	means the official listing rules of ASX.
Meeting	means the annual general meeting of Shareholders convened by this Notice.
Notice	means the notice of Meeting to which this Explanatory Memorandum is attached.
Plan	means the Resource Equipment Limited Performance Rights Plan the subject of Resolution 10.
RAMPS	means Ramps Australia Pty Ltd ACN 123 937 520.
RAMPS Vendors	means Ashsky Pty Ltd ACN 128 345 406 and Walter Eugene Naymola.
Relevant Proportion	means the proportion (expressed as a percentage) of the consideration payable by the Company under the Transaction to each Vendor as set out in the second column of the table on page 15 of this Explanatory Memorandum.
Resolution	means a resolution as set out in the Notice.
Share(s)	means a fully paid ordinary share(s) in the Company.
Share Sale Agreement	means the share sale agreement dated 25 September 2014 between the Company, the CMS Vendors and the RAMPS Vendors relating to the Transaction.
Shareholder(s)	means a holder of one or more Shares.
Transaction	means the transaction summarised in Section 8 of the Explanatory Memorandum, being the proposed acquisition by the Company of all issued shares in CMS and RAMPS from the CMS Vendors and the RAMPS Vendors pursuant to the Share Sale Agreement.
Vendors	means the CMS Vendors and the RAMPS Vendors.

References in this Explanatory Memorandum to “Sections” are to Sections of this Explanatory Memorandum.

ANNEXURE 1

7 October 2014

Michael Kenyon
Company Secretary
Resource Equipment Limited
276 Treasure Road
Welshpool WA 6106

Dear Sir,

Subject: Nomination of Auditor

In accordance with the provisions of Section 328B of the Corporations Act 2001 – I, Hannah Otene being a member of Resource Equipment Limited, hereby nominate PricewaterhouseCoopers for appointment as auditor of that company.

Yours faithfully,



Hannah Otene

TOUGH JOBS. SMART SOLUTIONS.

HEAD OFFICE

276 & 332 Treasure Road
Welshpool WA 6106
PO Box 328
Welshpool DC WA 6986
T + 61 8 6141 6500
F + 61 8 9258 9804
E admin@rel.com.au

KALGOORLIE

39 Broadwood Street
Kalgoorlie WA 6430
PO Box 1423
Kalgoorlie WA 6433
T + 61 8 9068 1000
F + 61 8 9091 6814
E kal@rel.com.au

HUNTER VALLEY

34 Bradmill Avenue
Rutherford NSW 2320
PO Box 175
Rutherford NSW 2320
T + 61 2 4932 6276
F + 61 2 4931 9629
E rutherford@rel.com.au

BRISBANE

Level 20 300 Queen Street
Brisbane QLD 4000
GPO Box 3072
Brisbane QLD 4001
T + 61 7 3023 5076
F + 61 7 3023 4000
E brisbane@rel.com.au

MACKAY

Lot 77 Presto Avenue
Mackay QLD 4740
PO Box 6130
Mackay QLD 4741
T + 61 7 4998 9000
F + 61 7 4955 3794
E mackay@rel.com.au

JAKARTA

Sampoerna Strategic
Tower Square
30th Floor South Tower
Jl. Jend. Sudirman Kav. 45-46
Jakarta 12930
T +62 21299 30772
F +62 21299 30888
E jakarta@rel.co.id

BALIKPAPAN

Panin Tower Level 9
Grand Sudirman Building
Jl. Jend. Sudirman No. 7
Balikpapan 76114
T +62 54272 19772
F +62 54272 19662
E balikpapan@rel.co.id



RESOURCE EQUIPMENT LIMITED
ACN 098 812 492
PROXY FORM

The Secretary
Resource Equipment Limited
276 Treasure Road
Welshpool WA 6896

Fax Number: +61 8 9258 9804

I/We _____

of _____

being a shareholder/(s) of Resource Equipment Limited hereby appoint _____

of _____

or failing him/her _____

of _____

or failing him/her the Chairman as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held at the Royal Freshwater Bay Yacht Club, Atholl Hobbs Room, 1 Hobbs Place, Peppermint Grove, Western Australia at 10.30 am (WST) on Tuesday, 18 November 2014, and at any adjournment thereof in respect of []% of my/our shares or, failing any number being specified, **ALL** of my/our shares in the Company. If two proxies are appointed, the proportion of voting rights this proxy is authorised to exercise is []%. (An additional proxy form will be supplied by the Company on request.)

If you wish to indicate how your proxy is to vote, please tick the appropriate places below. If no indication is given on a Resolution, the proxy may abstain or vote at his or her discretion.

I/we direct my/our proxy to vote as indicated below:

		FOR	AGAINST	ABSTAIN*
Resolution 1	Adoption of the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-Election of Mr Keith Lucas as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Re-Election of Mr Anthony Ryder as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Election of Mr Andrew Aitken as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Election of Mr Stephen Donnelley as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Appointment of PricewaterhouseCoopers as auditor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Increase in non-executive Directors' fee pool	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8	Issue of Completion Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Resolution 9	Issue of Earn-Out Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 10	Approval of the REL Performance Rights Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 11	Issue of Performance Rights to Andrew Aitken	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

Proxies given by a natural person must be signed by each appointing shareholder or the shareholder's attorney duly authorised in writing. Proxies given by companies must be executed in accordance with section 127 of the Corporations Act or signed by the appointor's attorney duly authorised in writing. **The Chairman intends to vote all undirected proxies in favour of all Resolutions.**

Unless you tick either the "for", "against" or "abstain" box in relation to Resolutions 1, 7, 10 and 11, you will be expressly authorising the Chairman of the Meeting to vote in accordance with the Chairman's voting intentions on these Resolutions, even if these Resolutions are connected directly or indirectly with the remuneration of a member of Key Management Personnel.

Proxies will only be valid and accepted by the Company if they are signed and received by 10.30 am on Sunday, 16 November 2014.

As witness my/our hand/s this day of 2014

If a natural person:

SIGNED by:

Signature

Signature (if joint holder)

If a company:

Executed in accordance with section 127 of the Corporations Act

Signature of Director / Sole Director
and Sole Company Secretary (delete one)

Signature of Director / Secretary (delete one)