



Alkane Resources Ltd

ACN 000 689 216

NOTICE OF ANNUAL GENERAL MEETING EXPLANATORY STATEMENT AND PROXY FORM

FOR THE ANNUAL GENERAL MEETING OF THE COMPANY TO BE HELD AT
SOFITEL SYDNEY WENTWORTH, 61-101 PHILLIP STREET, SYDNEY NSW 2000
ON WEDNESDAY, 19 NOVEMBER 2014 AT 10.30am (SYDNEY TIME)

THIS DOCUMENT IS IMPORTANT

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

FOR THOSE SHAREHOLDERS WHO HAVE ELECTED TO RECEIVE A PRINTED COPY OF THE ANNUAL REPORT, THE 2014 ANNUAL REPORT ACCOMPANIES THIS NOTICE. THE REPORT IS ALSO AVAILABLE ON THE COMPANY'S WEBSITE:

www.alkane.com.au



Alkane Resources Ltd

ACN 000 689 216

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Shareholders of Alkane Resources Ltd (**Alkane** or the **Company**) will be held at Sofitel Sydney Wentworth, 61-101 Phillip Street, Sydney NSW 2000 on Wednesday, 19 November 2014 at 10.30am (Sydney time) (**Annual General Meeting** or **Meeting**).

ORDINARY BUSINESS

ACCOUNTS AND REPORTS

To receive and consider the financial report of the Company, the Directors' report (including the remuneration report) and the Auditor's report for the year ended 30 June 2014.

RESOLUTION 1: ADOPTION OF REMUNERATION REPORT

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

That the remuneration report, which forms part of the Directors' report for the financial year ended 30 June 2014, be adopted.

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

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

RESOLUTION 2: RE-ELECTION OF DIRECTOR – MR IAN JEFFREY GANDEL

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

That Mr Ian Jeffrey Gandel, who retires in accordance with the Company's constitution, be re-elected as a Director of the Company.

RESOLUTION 3: RATIFICATION OF PAST INSTITUTIONAL PLACEMENT

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

That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, the prior issue of 40,000,000 Shares by the Company to institutional investors, as more fully described in the Explanatory Statement, be approved.

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

RESOLUTION 4: APPROVAL OF ISSUE OF SHARES TO EMPLOYEES

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

That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, the issue of a maximum of 2,250,000 Shares by the Company to employees, as more fully described in the Explanatory Statement, be approved.

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

RESOLUTION 5: APPROVAL OF THE ALKANE RESOURCES SHARE APPRECIATION RIGHTS PLAN

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

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

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

RESOLUTION 6: APPROVAL OF THE GRANT OF PERFORMANCE RIGHTS AND SHARE APPRECIATION RIGHTS TO THE MANAGING DIRECTOR

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

That, for the purposes of ASX Listing Rule 10.14, sections 200B and 200E of the Corporations Act and for all other purposes, approval is given for the Company to grant 1,000,000 Performance Rights and 1,800,000 Share Appreciation Rights to Mr D Ian Chalmers (or his nominee) (including the issue of Shares on the vesting of those Performance Rights and Share Appreciation Rights) and give any benefit under the Alkane Resources Performance Rights Plan and Alkane Resources Share Appreciation Rights Plan relating to the Performance Rights and Share Appreciation Rights (including the issue of Shares on the vesting of those Performance Rights and Share Appreciation Rights) to Mr D Ian Chalmers in connection with any future retirement from office or employment, on the terms and conditions set out in the Explanatory Statement.

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

Dated 14 October 2014

By order of the Board of Directors

Karen E V Brown

Company Secretary

VOTING EXCLUSIONS AND PROHIBITIONS

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

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

(each a **Prohibited Person**).

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

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

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

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

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

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

- any person who may participate in the proposed issue;
- any 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
- an associate of any such persons,

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

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

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

unless the vote is cast by a person as proxy for a person entitled to vote in accordance with a direction on the proxy appointment, or by the Chairman of the Meeting as proxy for a person entitled to vote and the proxy appointment expressly authorises the Chairman of the Meeting to vote undirected proxies as the Chairman sees fit and exercise the proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the KMP. However, KMP who may participate in the Alkane Resources Share Appreciation Rights Plan should not vote (in any capacity) in favour of Resolution 5 if they wish to take advantage of Resolution 5 if passed.

Resolution 6: The Company will disregard any votes cast on Resolution 6 by, or on behalf of:

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

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

For the purposes of these voting exclusions and prohibitions:

- the KMP (or key management personnel) for the Company's consolidated group are those persons having authority and responsibility for planning, directing and controlling the activities of the Company's consolidated group, directly or indirectly, including any director (whether executive or otherwise) of a member of the Company's consolidated group;
- a closely related party of a member of KMP means:
 - a spouse or child of the member;
 - a child of the member's spouse;
 - a dependant of the member or of the member's spouse;
 - anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealings with the entity; or
 - a company the member controls.

NOTES

Intention of Chairman

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

Eligibility to vote

The board of Directors of the Company (**Board**) has determined, pursuant to Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth), that persons who are registered holders of shares of the Company (**Shares**) as at 7.00pm (Sydney time) on Monday, 17 November 2014 will be entitled to attend and vote at the Annual General Meeting.

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

Appointment of proxies

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

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

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

Corporate representatives

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



Alkane Resources Ltd

ACN 000 689 216

EXPLANATORY STATEMENT

This Explanatory Statement is prepared for the benefit of Shareholders to better understand the Resolutions to be put to the Annual General Meeting of the Company to be held at Sofitel Sydney Wentworth, 61-101 Phillip Street, Sydney NSW 2000 on Wednesday, 19 November 2014 at 10.30am (Sydney time).

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

ACCOUNTS AND REPORTS

The Company's financial report, the Directors' report (including the remuneration report) and the Auditor's report for the year ended 30 June 2014 will be laid before the Annual General Meeting. A copy of the Company's 2014 Annual Report, which includes these reports, is available on the Company's website at www.alkane.com.au and on ASX's website www.asx.com.au.

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

RESOLUTION 1: ADOPTION OF REMUNERATION REPORT

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

The remuneration report of the Company for the period ended 30 June 2014 is set out on pages 38 to 45 of the 2014 Annual Report. This report includes information about the principles used to determine the nature and amount of remuneration, and sets out the remuneration arrangements for each Director and KMP.

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

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

Further details regarding the Company's remuneration policy and structure as to executive and non-executive remuneration are set out on pages 39 to 42 of the 2014 Annual Report.

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

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

RESOLUTION 2 : RE-ELECTION OF DIRECTOR – MR IAN JEFFREY GANDEL

In accordance with the Constitution, Mr Ian Jeffrey Gandel retires as a Director of the Company and, being eligible, offers himself for re-election.

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

Mr Gandel (LLB, BEc, FCPA, FAICD) is a successful Melbourne-based businessman with extensive experience in retail management and retail property. He has been a director of the Gandel Retail Trust and has had an involvement in the construction and leasing of Gandel shopping centres. He has previously been involved in the Priceline retail chain and the CEO of a chain of serviced offices.

Through his private investment vehicles, Mr Gandel has been an investor in the mining industry since 1994. He is currently a substantial holder in a number of publicly listed Australian companies and, through his private investment vehicles, now holds and explores tenements in his own right in Victoria, Western Australia and New South Wales.

He holds board positions with other resource companies Alliance Resources Ltd (as a non-executive director), Gippsland Limited (as non-executive chairman) and Octagonal Resources Limited (as non-executive chairman).

Mr Gandel was appointed as a non-executive Director of the Company on 24 July 2006. He is a member of the Audit Committee, Remuneration Committee and Nomination Committee.

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

RESOLUTION 3 : RATIFICATION OF PAST INSTITUTIONAL PLACEMENT

Background to Resolution 3

On 20 June 2014, the Company issued 40,000,000 fully paid ordinary shares under a placement (**Placement Shares**) at an issue price of A\$0.26 to institutional and sophisticated investors to raise a total of approximately A\$10,400,000 (the **Placement**). Credit Suisse (Australia) Ltd and Petra Capital Pty Ltd were joint lead managers of the Placement.

ASX Listing Rule requirements

ASX Listing Rule 7.1 imposes a limit on the number of equity securities (including ordinary shares) that a company can issue or agree to issue without shareholder approval. Generally, the Company may not, without shareholder approval, issue in any 12 month period a number of equity securities that is more than 15% of the number of fully paid ordinary shares on issue 12 months before the issue. The issue of Placement Shares was within this 15% threshold.

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

Resolution 3 seeks Shareholder approval under ASX Listing Rule 7.4 to approve the prior issue of the Placement Shares. The effect of approval of Resolution 3 will be that the issue of the Placement Shares will not be counted towards reducing the number of securities which the Company can issue in the future without Shareholder approval under the 15% limit imposed by ASX Listing Rule 7.1. The result is that the 15% limit under ASX Listing Rule 7.1 will be "refreshed" to the extent of the approval so that the Company has a renewed ability to issue securities up to the 15% limit. By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

If Resolution 3 is not approved by Shareholders, it may limit the ability of the Company to issue securities without Shareholder approval until the Company's 15% capacity is replenished, in accordance with ASX Listing Rule 7.1.

Information required by ASX Listing Rule 7.5

In accordance with ASX Listing Rule 7.5, the Company provides the following information in relation to the Placement:

- (a) 40,000,000 Placement Shares were issued on 20 June 2014;
- (b) the issue price was A\$0.26 per Placement Share;
- (c) the Placement Shares issued were all fully paid ordinary shares in the capital of the Company, and were issued on the same terms and conditions as the Company's existing Shares. The Placement Shares rank equally with all other fully paid ordinary shares on issue;
- (f) the Placement Shares were issued to eligible sophisticated and institutional investors (and clients of Credit Suisse (Australia) Ltd and Petra Capital Pty Ltd, the joint lead managers of the Placement). None of the subscribers pursuant to the Placement were related parties of the Company;
- (d) the funds raised from the Placement will supplement existing cash reserves and are intended to be used for:
 - (i) progression of the Dubbo Zirconia Project front end engineering design for bankable standard capital and operating costs to assist with Project funding;
 - (ii) further Dubbo Zirconia Project product development, enhancement and marketing;
 - (iii) development and acquisition of certain water resources for the Dubbo Zirconia Project;
 - (iv) certain acquisitions of land within the Dubbo Zirconia Project area;
 - (v) other Dubbo Zirconia Project related expenditures; and
 - (vi) general working capital requirements including fees associated with the offer; and
- (e) a voting exclusion statement for Resolution 3 is included in the Notice.

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

RESOLUTION 4: APPROVAL OF ISSUE OF SHARES TO EMPLOYEES

Background to Resolution 4

The Company intends to invite all qualifying employees of the Company and wholly owned subsidiary, Tomingley Gold Operations Pty Ltd, to participate in a discretionary bonus issue of Shares in recognition of achievements during the financial year ended 30 June 2014 (**FY2014**). While the targets against which performance was being measured were not fully achieved by the milestone deadline of 30 June 2014, the Directors took into consideration that construction of the Tomingley Gold project was carried out substantially in line with budget and schedule, commissioning and ramp up of the operation was largely successful, and production targets were met within a matter of days after the deadline. The Directors therefore resolved to make a discretionary bonus payment to employees in appreciation of their efforts on the Company's behalf during the year, and further, that the payment would be settled by the issue of Shares for nil consideration.

The Managing Director and other KMP withdrew themselves from participation in the bonus issue and will not be issued Shares pursuant to this Resolution.

ASX Listing Rule requirements

As mentioned above, ASX Listing Rule 7.1 imposes a limit on the number of equity securities (including ordinary shares) that a company can issue or agree to issue without shareholder approval. Generally, the Company may not without shareholder approval issue in any 12 month period a number of equity securities that is more than 15% of the number of fully paid ordinary shares on issue 12 months before the issue.

Resolution 4 seeks Shareholder approval under ASX Listing Rule 7.1 to approve the issue of 2,250,000 Shares to employees. The effect of obtaining Shareholder approval of Resolution 4 will be that the issue of the relevant Shares will not be counted towards reducing the number of securities which the Company can

issue in the future without Shareholder approval under the 15% limit imposed by ASX Listing Rule 7.1. This will provide the Company with further flexibility to undertake further equity raisings.

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

Information required by ASX Listing Rule 7.3

In accordance with ASX Listing Rule 7.3, the Company provides the following information in relation to the proposed issue of Shares:

- (a) the maximum number of securities to be issued is 2,250,000 Shares;
- (b) it is intended that the Shares will be issued on 28 November 2014, but in any event the Shares will be issued no later than three months from the date of this Annual General Meeting;
- (c) the Shares will be issued for nil consideration;
- (d) the Shares will be issued to qualifying employees of the Company and its wholly owned subsidiary, Tomingley Gold Operations Pty Ltd, as determined by the Board;
- (e) the Shares to be issued will be fully paid ordinary shares in the capital of the Company, and will be issued on the same terms and conditions as the Company's existing Shares. The Shares will rank equally with all other fully paid ordinary shares on issue;
- (f) no funds will be raised from this issue, which is being made in consideration of the achievement of certain goals during the FY2014; and
- (g) a voting exclusion statement for Resolution 4 is included in this Notice.

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

RESOLUTION 5: APPROVAL OF THE ALKANE RESOURCES SHARE APPRECIATION RIGHTS PLAN

Background to Resolution 5

The Alkane Resources Share Appreciation Rights Plan (**Share Appreciation Rights Plan**) was formally adopted by the Board on 17 September 2014.

The Share Appreciation Rights Plan is designed to assist in the recruitment, reward, retention and motivation of certain employees of the Company and its subsidiaries (together, the **Company Group**) (each an **Eligible Employee**), as determined by the Board from time to time. Under the Share Appreciation Rights Plan, the Board may grant Eligible Employees rights to acquire Shares (**Share Appreciation Rights**), subject to the terms of the Share Appreciation Rights Plan.

The Share Appreciation Rights Plan, together with the Alkane Resources Performance Rights Plan that was approved by Shareholders at the 2013 annual general meeting (**Performance Rights Plan**), form the Company's long term incentive plan.

ASX Listing Rule approval

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

ASX Listing Rule 7.1 imposes a limit on the number of equity securities that a company can issue or agree to issue without shareholder approval. Generally, the Company may not without shareholder approval issue in any 12 month period a number of equity securities that is more than 15% of the number of fully paid ordinary shares on issue 12 months before the issue. However, ASX Listing Rule 7.2 sets out a number of exceptions to Listing Rule 7.1. These exceptions include Exception 9, which relates to an issue under an employee incentive scheme if, within three years before the date of issue of equity securities, Shareholders have approved the issue of securities under the relevant scheme.

If Resolution 5 is approved, all Share Appreciation Rights issued by the Company under the Share Appreciation Rights Plan (including the Shares issued on vesting of such Share Appreciation Rights) will be excluded from the 15% limit imposed by ASX Listing Rule 7.1 for a period of three years from the date of the approval. In the absence of such approval, the issue of Share Appreciation Rights (and the Shares upon vesting of such Share Appreciation Rights) can still occur for the purposes of Chapter 7 of the ASX Listing Rules, but those Share Appreciation Rights and Shares will be counted as part of the 15% limit which would otherwise apply during the relevant twelve month period.

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

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

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

Under the Share Appreciation Rights Plan, Eligible Employees are granted Share Appreciation Rights which represent a right to be issued or transferred Shares at a future point, subject to the satisfaction of performance hurdles (outlined below). Eligibility to participate in the Share Appreciation Rights Plan is at the Board's discretion.

- (b) The Share Appreciation Rights Plan is a new plan and has not previously been approved by Shareholders. As at the date of this Notice, no Share Appreciation Rights have been granted and no Shares have been issued (upon the vesting of Share Appreciation Rights) under the Share Appreciation Rights Plan.
- (c) A voting exclusion statement for Resolution 5 is included in the Notice.

Sections 200B and 200E of the Corporations Act

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

The term "benefit" is open to a wide interpretation and may include the early or accelerated vesting of Share Appreciation Rights under the Share Appreciation Rights Plan. As outlined in the summary of the Share Appreciation Rights Plan in Annexure A to this Explanatory Statement, early vesting may occur, subject to the Directors' absolute discretion, in various circumstances including the end of employment with the Company Group (for certain specified reasons), or on a change of control.

Shareholder approval of Resolution 5 is also sought so that the early or accelerated vesting of Share Appreciation Rights, and the issue of Shares on their vesting (**Benefits**) do not count towards such maximum termination amounts to the extent that the Benefits are deliverable on the cessation of the Participant's employment for a relevant specified reason.

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

The value of any Benefits (ie the Share Appreciation Rights) cannot be ascertained at the present time. The Benefits will be the market value of Shares issued or transferred to the Participant on vesting of such Benefits. Apart from the future share price being unknown, the following are matters which will or are likely to affect the value of the Benefits:

- (a) the performance criteria determined to apply to the Participant's Share Appreciation Rights;
- (b) the reasons for cessation of employment;

- (c) the number of Share Appreciation Rights granted to the Participant;
- (d) employee and Company performance factors used to determine vesting of Share Appreciation Rights;
- (e) the amount of other remuneration payable to the Participant; and
- (f) the exercise of the Directors' discretion at the relevant time.

As no Share Appreciation Rights have been granted under the Share Appreciation Rights Plan, it is also not possible to identify the benefit in respect of prior grants.

The Company currently intends that three KMP, namely Mr D Ian Chalmers, Mr M Ball and Mr N Earner will be entitled to participate in the Plan. Details of their remuneration are set out in the 2014 remuneration report. Eligible Employees (who are not KMP) will also be invited to participate in the Share Appreciation Rights Plan.

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

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

RESOLUTION 6: APPROVAL OF THE GRANT OF PERFORMANCE RIGHTS AND SHARE APPRECIATION RIGHTS TO THE MANAGING DIRECTOR

Resolution 6 seeks approval to grant Performance Rights (pursuant to the Performance Rights Plan, last approved by Shareholders at the 2013 annual general meeting) (**Performance Rights**) and Share Appreciation Rights under the Share Appreciation Rights Plan (the subject of Resolution 5) and the issue of Shares (upon the vesting of those Performance Rights and Share Appreciation Rights) to Mr David (Ian) Chalmers, the Managing Director, under the reward vehicles for the Company's short term incentives (**STI**) and long term incentives (**LTI**).

The structure of Mr Chalmers' remuneration package has been brought into line with market practice, whereby performance based incentive programs form a key component of his total annual remuneration. A significant portion of his total annual remuneration has been placed at-risk to better align his interests with those of Shareholders, to encourage long term sustainable growth and to assist with retention.

For the purposes of future grants, Resolution 6 seeks Shareholder approval for the grant of:

- (a) an STI allocation of 333,333 Performance Rights; and
 - (b) an LTI allocation of 666,667 Performance Rights and 1,800,000 Share Appreciation Rights,
- and the issue of Shares (upon the vesting of those Performance Rights and Share Appreciation Rights).

Details regarding these STIs and LTIs are set out below.

STI for the financial year ending 30 June 2015

Quantum

The STI quantum to be issued to Mr Chalmers for the financial year ending 30 June 2015 (**FY2015**) has been determined with reference to current market practice. For FY2015, the dollar value of the STI grant will be determined as 25% of Mr Chalmers FY2015 base salary (ie an STI grant of \$90,000 in value). The STI will be granted as Performance Rights.

Allocation methodology and number of instruments

In determining the number of Performance Rights to be granted, the STI quantum is divided by the fair value of one Performance Right as follows:

$$\begin{aligned} \text{Number of Performance Rights} &= \frac{\text{STI quantum}}{\text{Fair value of one Performance Right}} \\ &= \frac{\text{A\$90,000}}{\text{A\$0.27}} \\ &= 333,333 \text{ Performance Rights} \end{aligned}$$

The fair value of the Performance Rights for the STI has been assessed to be the volume weighted average price (**VWAP**) over the month of June 2014 (ie the month immediately preceding the start of the performance period).

One Performance Right represents the opportunity to receive one ordinary share provided the vesting conditions and performance hurdles are met.

Performance period

The FY2015 STI grant will be performance tested from 1 July 2014 to 30 June 2015.

Vesting conditions and performance hurdles

The FY2015 STI grant to be made to Mr Chalmers under the Performance Rights Plan will vest subject to satisfaction of certain performance hurdles which are summarised in the table below. The performance hurdles are mutually exclusive so that if only one of the hurdles is satisfied, vesting will still occur for that portion of the grant, but not for the other portions if the other hurdles are not met.

Performance category	Metrics	Weighting
Financial and operational	Production and operating cost performance for the Tomingley Gold Operation.	40%
Growth	Milestones relating to advancing the development of the Dubbo Zirconia Project and execution of the board approved exploration plan to develop existing resources and discover new resources.	44%
Sustainability	Specific targets relating to the development of and compliance with safety and environmental management systems, and engagement with the local community.	16%

There will be no retesting of performance. Any Performance Rights that fail to become exercisable due to a failure to satisfy the vesting conditions and performance hurdles will lapse and be forfeited.

LTI for the three year period ending 30 JUNE 2017

Quantum

The LTI quantum to be issued to Ian Chalmers for the three year period from 1 July 2014 to 30 June 2015 (the **FY2015 LTI**) has been determined with reference to current market practice. For FY2015 the dollar value of the LTI grant will be determined as 100% of Mr Chalmers FY2015 base salary (ie an LTI grant of A\$360,000 in value). Half of the LTI will be granted as Performance Rights with the other half granted as Share Appreciation Rights (ie A\$180,000 worth of Performance Rights and A\$180,000 worth of Share Appreciation Rights).

Allocation methodology and number of instruments

In determining the number of Performance Rights and Share Appreciation Rights to be granted, the LTI quantum is divided by the fair value of one Performance Right/Share Appreciation Right as follows:

$$\text{Number of Performance Rights/Share Appreciation Rights} = \frac{\text{LTI quantum}}{\text{Fair value of one Performance Right/ Share Appreciation Right}}$$

Performance Rights allocation	Share Appreciation Rights allocation
<p>The Performance Rights allocation is 50% of the total LTI grant: $(A\\$360,000 \times 50\%)/\\$0.27 =$ 666,667 Performance Rights</p>	<p>The Share Appreciation Rights allocation is 50% of the total LTI grant: $(A\\$360,000 \times 50\%)/\\$0.10 =$ 1,800,000 Share Appreciation Rights</p>
<p>The fair value of the Performance Rights for the LTI has been assessed to be the VWAP over the month of June 2014 (ie the month immediately preceding the start of the performance period).</p> <p>One Performance Right represents the opportunity to receive one ordinary share provided the vesting conditions and performance hurdles are met.</p>	<p>The fair value of the Share Appreciation Rights for the LTI has been estimated by an independent valuer at \$0.10. The fair value of the Share Appreciation Rights is estimated using a Monte Carlo simulation based model, in accordance with market practice, to test the likelihood of attaining the absolute TSR hurdle at the end of the three year performance period. It represents an estimation of the value to the right holder at, or around, the time of grant. The fair value of a Share Appreciation Right does not represent an estimation of the fair value of an ordinary share in Alkane.</p> <p>Share Appreciation Rights are different to Performance Rights (ie one Share Appreciation Right does not equal the right to one Share). Share Appreciation Rights can be settled by equity (ie by the issue of Shares) or by cash settlement, in accordance with the formulae set out in the Share Appreciation Rights Plan.</p> <p>Further details on the Share Appreciation Rights is provided in the vesting conditions and performance hurdles section.</p>

Performance period

The FY2015 LTI grant will be performance tested from 1 July 2014 to 30 June 2017.

Vesting conditions and performance hurdles

The FY2015 LTI grant to be made to Mr Chalmers will vest subject to satisfaction of certain performance hurdles which are summarised in the table below. The performance hurdles are mutually exclusive so that if only one of the hurdles is satisfied, vesting will still occur for that portion of the grant, but not for the other portions if the other hurdles are not met.

LTI reward vehicle	Performance metrics	Weighting
Performance Rights	Progress of Dubbo Zirconia Project development towards production.	40%
	Tomingley Gold Operation mining cost performance relative to industry peers.	10%
Share Appreciation Rights	Absolute total shareholder return (TSR).	50%

Under the Share Appreciation Rights Plan, participants are granted rights to acquire fully paid ordinary Shares. Share Appreciation Rights will only vest if the pre-defined TSR performance condition is met. If a participant ceases to be employed by the group within this period, the rights will be forfeited, except in limited circumstances that are approved by the board on a case-by-case basis.

An absolute TSR target, as opposed to a TSR target relative to an index or a peer group, has been used to reflect:

- (a) the developmental stage of the Company and the impact that the successful development of the Dubbo Zirconia Project is expected to have on the market value of the Company; and
- (b) the absence of a sufficient number of comparable companies to benchmark against.

Targets are reviewed annually and set for a forward three year period. Targets reflect factors such as the expectations of the Company's business plans, the stage of development of the Company's projects and the industry business cycle. The most appropriate target benchmark (i.e. the use of an absolute or a relative TSR target) will be reviewed each year prior to the granting of rights.

Vesting of the rights is subject to the Company's TSR, including share price growth, dividends and capital returns, exceeding certain growth hurdles over a three-year period as set out in the table below.

TSR compound annual growth rate (CAGR)	% Share Appreciation Rights vesting
Less than 15% CAGR	Nil
15% CAGR	50% Vesting
Above 15% CAGR up to 25% CAGR	Pro rata vesting from 50% - 100%
Above 25% CAGR	100%

In the event that all vesting conditions were met over the three year period, including the achievement of TSR CAGR of exactly 25% resulting in vesting of 100% of the FY2015 Share Appreciation Rights, the closing Alkane share price would be A\$0.53 per share and the 1,800,000 Share Appreciation Rights could be settled by the issue of 883,019 Shares.

ASX Listing Rule approval

ASX Listing Rule 10.14 requires a listed company to obtain shareholder approval prior to the issue of securities under an employee incentive scheme to a Director of a company or his or her associates. As Mr Chalmers is the Managing Director of the Company, approval is being sought for the purposes of ASX Listing Rule 10.14 and for all other purposes, to grant the Performance Rights and Share Appreciation Rights to Mr Chalmers (and the issue or transfer of any Shares on vesting and exercise of the relevant Performance Rights and Share Appreciation Rights) in accordance with the terms and conditions of the Performance Rights Plan and Share Appreciation Rights Plan, as the case may be.

Further, if Resolution 6 is approved for the purposes of ASX Listing Rule 10.14, pursuant to ASX Listing 7.2 (Exception 4) a grant of Performance Rights or Share Appreciation Rights or an issue of Shares (upon the vesting of those Performance Rights or Share Appreciation Rights) will not reduce the Company's 15% placement capacity under ASX Listing Rule 7.1 and separate approval of this Resolution 6 is not required under ASX Listing Rule 7.1.

Information required by ASX Listing Rule 10.15A

In accordance with ASX Listing Rule 10.15A, the Company provides the following information:

- (a) Mr D Ian Chalmers is the Managing Director of the Company;
- (b) the maximum number of securities proposed to be issued in connection the Resolution 6 is 1,000,000 Performance Rights and 1,800,000 Share Appreciation Rights. Upon vesting, this entitles Mr Chalmers to the following:
 - (i) 1,000,000 Performance Rights entitles Mr Chalmers to 1,000,000 Shares (as these are settled on a one for one basis);

- (ii) 1,800,000 Share Appreciation Rights entitles Mr Chalmers to that number of Shares calculated as per the performance hurdles set out above. For example, in the event that all vesting conditions were met over the three year period, including the achievement of TSR CAGR of exactly 25%, the closing Alkane share price would be A\$0.53 per share and the 1,800,000 Share Appreciation Rights could be settled by the issue of 883,019 Shares;
- (c) the relevant Performance Rights and Share Appreciation Rights (including the Shares issued on the vesting of those Performance Rights and Share Appreciation Rights) will be granted for nil consideration, as they are granted as part of the remuneration for Mr Chalmers' services to the Company as Managing Director;
- (d) no persons referred to in ASX Listing Rule 10.14 have received securities under the Performance Rights Plan since its approval by Shareholders at the Company's 2013 annual general meeting and no securities have been issued under the Share Appreciation Rights Plan (the subject of Resolution 5);
- (e) persons referred to in ASX Listing Rule 10.14, and who are entitled to participate in the employee incentive schemes are:
 - (i) *Performance Rights Plan*: Mr D Ian Chalmers
 - (ii) *Share Appreciation Rights Plan*: Mr D Ian Chalmers
- (f) a voting exclusion statement for Resolution 6 is included in this Notice;
- (g) no loan will be provided by the Company in relation to the grant of the relevant Performance Rights and Share Appreciation Rights (including the Shares issued on the vesting of those Performance Rights and Share Appreciation Rights) to Mr Chalmers;
- (h) details of any securities (being, Performance Rights, Share Appreciation Rights and Shares (upon the vesting of Performance Rights and Share Appreciation Rights)) issued under the Performance Rights Plan or Share Appreciation Rights Plan (as the case may be) will be published in each annual report relating to a period in which the securities have been issued, with a statement that approval for the issue of those securities was obtained, if required, under ASX Listing Rule 10.14; and
- (i) if this Resolution 6 is approved, the Company proposes to issue the Performance Rights and Share Appreciation Rights as soon as practicable and in any event, within three years from the date of this Annual General Meeting.

Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act also regulates the provision of "financial benefits" to "related parties" by a public company. For the purposes of Chapter 2E, Mr Chalmers, being the Managing Director, is a "related party" of the Company and the grant of the Performance Rights and Share Appreciation Rights (including the Shares issued on the vesting of those Performance Rights and Share Appreciation Rights) pursuant to the Performance Rights Plan and Share Appreciation Rights Plan (as the case may be) will constitute the giving of "financial benefits".

The Board (other than Mr Chalmers, because of his interest in this Resolution 6) considers that the grant of the Performance Rights and Share Appreciation Rights (including the Shares issued on the vesting of those Performance Rights and Share Appreciation Rights) to Mr Chalmers is an appropriate and reasonable component of his remuneration, and that the financial benefit represented by the grant of the Performance Rights and Share Appreciation Rights (including the Shares issued on the vesting of those Performance Rights and Share Appreciation Rights) falls within the "reasonable remuneration" exception in section 211 of the Corporations Act. For this reason, it is unnecessary to seek specific member approval of Resolution 6 for the purposes of Chapter 2E of the Corporations Act (as mentioned above, approval is being sought under ASX Listing Rule 10.14).

Sections 200B and 200E of the Corporations Act

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

The term "benefit" is open to a wide interpretation and may include the early or accelerated vesting of Performance Rights and Share Appreciation Rights under the Performance Rights Plan and Share Appreciation Rights Plan, as the case may be. As outlined in the summary of the Share Appreciation Plan in Annexure A to this Explanatory Statement and the summary of the Performance Rights Plan in the Company's 2013 notice of annual general meeting, early or accelerated vesting may occur, subject to the Directors' absolute discretion, in various circumstances including the end of employment with the Company Group, or on a change of control.

If the Board were to exercise its discretion to vest some or all of the Performance Rights and Share Appreciation Rights early in the circumstances referred to above, this may amount to the giving of a termination benefit requiring Shareholder approval in accordance with the Corporations Act. Shareholder approval of Resolution 6 is also being sought so that early or accelerated vesting of the Performance Rights and Share Appreciation Rights and the issue of Shares (upon the vesting of the Performance Rights and Share Appreciation Rights) do not count towards such maximum termination amounts for the purposes of the Corporations Act.

Details of Mr Chalmers' remuneration, including other termination benefits, are set out in the Company's 2014 remuneration report.

The value of any Benefits cannot be ascertained at the present time. The benefits will be the market value of Shares issued or transferred to the Participant on vesting of such Benefits. Apart from the future share price being unknown, the following are matters which will or are likely to affect the value of the benefits:

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

Directors' recommendation: The Directors (other than Mr D Ian Chalmers) unanimously recommend that Shareholders vote in favour of Resolution 6. As Mr D Ian Chalmers has an interest in the outcome of Resolution 6, he makes no recommendation to Shareholders as to how to vote on this Resolution.

ANNEXURE A

SUMMARY OF THE TERMS OF THE ALKANE RESOURCES SHARE APPRECIATION RIGHTS PLAN

The Share Appreciation Rights Plan provides Eligible Employees the opportunity to receive Share Appreciation Rights, being the right to Shares or a cash payment, calculated according to the appreciated market value of the Shares. The key features of the Share Appreciation Rights Plan are set out below.

Purpose	<p>The purpose of the Share Appreciation Rights Plan is to:</p> <ul style="list-style-type: none">(a) assist in the reward, retention and motivation of eligible employees;(b) link the reward of eligible employees to Shareholder value creation; and(c) align the interests of eligible employees with Shareholders by providing an opportunity for eligible employees to receive an equity interest in the Company.
Commencement	17 September 2014
Eligible employees	<p>The Board may, from time to time, determine that:</p> <ul style="list-style-type: none">(a) an employee (full time or part time) of the Company and its subsidiaries (together, the Group); or(b) a Director of a member of the Group who holds salaried employment or office, <p>is eligible to participate in the Share Appreciation Rights Plan (Eligible Employee).</p>
Invitation to participate	<p>The Board may at any time, and from time to time, invite an Eligible Employee to participate in the Share Appreciation Rights Plan (Invitation). The Invitation will be made on such terms and conditions as the Board decides, including as to the amount payable (if any) for the grant of each Share Appreciation Right (such amount not to exceed nominal monetary consideration).</p> <p>An Eligible Employee who is invited to participate in the Share Appreciation Rights Plan will receive with their Invitation an application form and any ancillary documentation. Following receipt of a duly completed and signed application form and ancillary documentation, the Company will, to the extent that the Board has accepted such an application, grant the relevant number of Share Appreciation Rights to the Eligible Employee (Participant).</p>
Entitlement	<p>Participants are granted the right to receive an amount calculated according to the appreciated market value of the Shares by:</p> <ul style="list-style-type: none">(a) the issue or transfer of Shares in the Company to the Participant;(b) a cash payment made by the Company to the Participant; or(c) if a Participant holds multiple Share Appreciation Rights, a combination of Shares and cash.
Nominated parties	<p>If an Eligible Employee is permitted in the Invitation, the Eligible Employee may (by notice in writing to the Board) renounce the Invitation in favour of a "Nominated Party", being:</p> <ul style="list-style-type: none">(a) the Eligible Employee's spouse;(b) the Eligible Employee's child of 18 years of age or over;(c) a trustee of a trust set up wholly for the benefit of that Eligible Employee or their spouse or child;(d) a company in which all of the shares and voting rights are beneficially held by the Eligible Employee, their spouse, child or trustee; or(e) any other person approved by the Board.
Number of Share	The Board may invite Eligible Employees to apply for any number of Share

Appreciation Rights	Appreciation Rights, notwithstanding any previous Invitations.
Performance hurdles	The Board will determine, and specify in the Invitation, the performance hurdles (Performance Hurdles) and any other conditions which must be satisfied prior to the vesting of a Share Appreciation Right.
Vesting and exercise	<p>A Share Appreciation Right granted to a Participant will vest when:</p> <ul style="list-style-type: none"> (a) the Board has determined, acting reasonably, that the Performance Hurdles and any other conditions have been satisfied or waived; and (b) the Company has issued a notice to the Participant to notify him or her that those Share Appreciation Rights have vested and will be automatically exercised. <p>A Participant will be deemed to have automatically exercised all vested Share Appreciation Rights that are the subject of a vesting notice on the date of the relevant notice.</p>
Settlement	<p>Following the issue of the vesting notice, the Company will settle the exercised Share Appreciation Rights by issuing Shares, cash, or a combination of both, as relevantly set out in the vesting notice.</p> <p>Relevant formulae for determining the amount of Shares or cash to be issued to settle relevant Share Appreciation Rights is set out in full in the Share Appreciation Rights Plan and is based on market value of Shares at the relevant time, amongst other things.</p>
Forfeiture	<p>Unless the Board otherwise determines, Share Appreciation Rights are deemed forfeited and automatically lapse when:</p> <ul style="list-style-type: none"> (a) a Participant is no longer an Eligible Employee; (b) the Board determines a Participant has acted fraudulently or dishonestly or wilfully breached his or her duties to the Group; (c) any Performance Hurdles or other conditions have not been met by the date specified in the Invitation; (d) an insolvency event occurs; and (e) the "expiry date" specified in the Invitation or, if no date is specified, seven years after the Share Appreciation Rights were granted.
Restrictions on Share Appreciation Rights	<p>Prior to a Share Appreciation Right vesting and being exercised, a Participant does not have any interest in any Share the subject of the Share Appreciation Right and is not entitled to vote or attend shareholders' meetings or receive dividends.</p> <p>Unless the Board approves, a Participant may not sell, assign, transfer, grant an interest over or otherwise deal with a Share Appreciation Right.</p> <p>A Participant must not enter into any arrangement for the purpose of hedging its economic exposure to a Share Appreciation Right that has been granted to it.</p>
Rights attaching to shares issued under the Share Appreciation Rights Plan	All shares issued under the Share Appreciation Rights Plan will rank equally with the Shares of the Company of the same class then on issue (including voting rights, the right to receive dividends and participate in any dividend reinvestment plan).
Restrictions on shares issued under the Share Appreciation Rights Plan	If the Invitation provides that shares issued under the Share Appreciation Rights Plan are subject to any restrictions as to the disposal or other dealing by the Participant for a period of time, the Board may implement any procedure it deems appropriate to ensure compliance with this restriction. The Company will take all action necessary to ensure that the Participant can deal with the relevant shares upon expiry of any disposal restriction period.
Listing	Share Appreciation Rights will not be quoted on ASX.

	<p>If Shares issued under the Share Appreciation Rights Plan are in the same class as Shares which are listed on ASX, the Company will apply for quotation of those Shares.</p>
Change of control	<p>If a change of control event occurs, or the Board determines that such an event is likely to occur, the Board may in its discretion determine the manner in which the Participant's Share Appreciation Rights will be dealt with.</p> <p>A change of control event includes:</p> <ul style="list-style-type: none"> (a) a takeover bid to acquire more than 50% of the Company's issued capital; (b) a person acquires a relevant interest in 50% or more of the Company's issued capital or sufficient Shares to give the ability to replace all or a majority of the Company's directors; (c) a change in control of the Company as defined in section 50AA of the Corporations Act; (d) approval of a reconstruction of the Company which results in a person owning more than 50% of the Company's issued capital; (e) the Company is wound up; or (f) the sale of all or substantially all of the business and assets of the Group.
Adjustment of Share Appreciation Rights	<p>Subject to the ASX Listing Rules, if the Company makes a new issue of securities or alterations to its capital by way of a rights issue, bonus issue or other distribution of capital, reduction of capital or reconstruction of capital, the Board may make adjustments to a Participant's Share Appreciation Rights (including, without limitation, to the number of Share Appreciation Rights to which the Participant is entitled and/or the Performance Hurdles) on any basis it sees fit to minimise any advantage or disadvantage accruing to the Participant as a result of such corporate actions.</p> <p>During the currency of any Share Appreciation Rights (and prior to vesting and exercise), Participants are not entitled to participate in any new issue of securities in the Company.</p>
Administration	<p>The Board will administer the Share Appreciation Rights Plan, unless it decides to delegate its powers or discretions under the Share Appreciation Rights Plan to a committee, member of the Group or third party.</p>
Restriction on the size of the Share Appreciation Rights Plan	<p>The Board must not issue an Invitation, grant a Share Appreciation Right or issue a Share on the vesting of a Share Appreciation Right, if the sum of:</p> <ul style="list-style-type: none"> (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 years under the Share Appreciation Rights Plan or any other employee share scheme extended to Eligible Employees, <p>but excluding any offer made, or option acquired or Shares issued by way of or as a result of an specified excluded offers, would exceed (5%) of the total number of Shares on issue at that time.</p>
Amendment of the Share Appreciation Rights Plan	<p>The Board may at any time amend the Share Appreciation Rights Plan (to have effect retrospectively, immediately or in the future) unless such an amendment materially reduces the rights of any Participant as they existed before the date of amendment. In limited circumstances (for example, for the purpose of complying with relevant legislation) amendments may be made even if they materially reduce the rights of a Participant or if it is agreed to in writing by all Participants.</p>

INSTRUCTIONS FOR COMPLETION OF PROXY APPOINTMENT FORM

Appointment of proxy

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

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

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

Voting directions to your proxy

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

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

If:

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

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

Appointing a second proxy

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

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

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

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

Signing instructions

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

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

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

Lodgement of Proxy Form

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

By delivery	By post	By facsimile
110 Stirling Highway Nedlands WA 6009	PO Box 1156 Nedlands WA 6909 Australia	+61 8 9262 3723

by 10.30am (Sydney time) on Monday, 17 November 2014.

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

Privacy

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