



# Notice of Annual General Meeting and Explanatory Memorandum

**Annual General Meeting to be held at  
the King Street Room of the Rydges Hotel, Perth  
on Friday, 24 May 2013 commencing at 9am (WST)**

**Beadell Resources Limited  
ABN 50 125 222 291**

This Notice of Annual General Meeting and Explanatory Memorandum should be read in its entirety. If shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser without delay.

2012 Annual Report can be viewed online at:

<http://www.beadellresources.com.au/irm/content/annual-report.aspx?RID=250>

## **Notice of Annual General Meeting**

Notice is given that the Annual General Meeting of Beadell Resources Limited will be held at the King Street Room of the Rydges Hotel, corner of King and Hay Streets, Perth on Friday, 24 May 2013 commencing at 9am WST.

Terms used in this Notice and Explanatory Memorandum are defined in the glossary to this document. The Explanatory Memorandum which accompanies and forms part of this Notice describes the matters to be considered at the Annual General Meeting.

### **AGENDA**

#### **Annual Financial Statements**

To receive and consider the Annual Financial Statements for the twelve months ended 31 December 2012, together with the Directors' and Auditors' report for that period.

### **ORDINARY BUSINESS**

#### **Resolution 1 – Approval of the Remuneration Report (non-binding resolution)**

To consider and, if thought fit, pass the following resolution as a non-binding **ordinary resolution** in accordance with section 250R(2) of the Corporations Act:

*"That the Remuneration Report contained in the Company's Annual Report for the financial year ended 31 December 2012 be adopted."*

Note: the vote on this item is advisory only and does not bind the Directors or the Company. However, if at least 25% of the votes cast on the resolution are cast against the adoption of the Remuneration Report, then Resolution 10 will need to be put to the meeting.

#### **Resolution 2 – Re-election of Mr Craig Readhead**

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

*"That Mr Craig Readhead, who retires in accordance with Clause 6.3(b) of the Company's Constitution, and being eligible and having given his consent, be re-elected as a Director of the Company."*

#### **Resolution 3 – Re-election of Mr Robert Watkins**

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

*"That Mr Robert Watkins, who retires in accordance with Clauses 6.3(b) of the Company's Constitution, and being eligible and having given his consent, be re-elected as a Director of the Company."*

#### **Resolution 4 – Approval of issue of Performance Rights under the Performance Rights Plan (PRP)**

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

*"That, the following be approved for the purposes of Exception 9 to Listing Rule 7.2 (as an exception to Listing Rule 7.1) and for all other purposes:*

- a) *the establishment and operation of a long term incentive plan to be called the Performance Rights Plan (PRP) for the provision of incentives to executive directors, employees and other persons who the Board declares are eligible to receive rights (Participants); and*
- b) *the grant of Performance Rights, and the subsequent issue or transfer of Company Shares to Participants under the PRP,*

*each as described in the accompanying Explanatory Memorandum."*

#### **Resolution 5 – Approval of potential termination benefits under the PRP**

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

*"That, for the purposes of sections 200B and 200E of the Corporations Act and for all other purposes, Shareholders approve the Company giving benefits under the Beadell Performance Right Plan to a person in connection with that person ceasing to hold a managerial or executive office in the Company (or a related body corporate of the Company) on the terms and conditions as described in the Explanatory Memorandum."*

#### **Resolution 6 – Grant of Performance Rights to Mr Robert Watkins or his nominee**

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

*"That, for the purposes of ASX Listing Rule 10.14, and for all other purposes, Shareholders approve the issue of up to 243,524 Performance Rights (and the issue of Shares following the vesting of those Performance Rights) to Mr Robert Watkins (or his nominee) under the terms of the PRP, as further detailed in the Explanatory Memorandum."*

## **Resolution 7 – Grant of Performance Rights to Mr Peter Bowler or his nominee**

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

*"That, for the purposes of ASX Listing Rule 10.14, and for all other purposes, Shareholders approve the issue of up to 411,224 Performance Rights (and the issue of Shares following the vesting of those Performance Rights) to Mr Peter Bowler (or his nominee) under the terms of the PRP, as further detailed in the Explanatory Memorandum."*

## **Resolution 8 – Ratification of Placement Shares**

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

*"That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders approve the issue and allotment of 27,472,528 Shares at \$0.91 per Share (**Placement Shares**) as further described in the Explanatory Memorandum."*

## **SPECIAL BUSINESS**

### **Resolution 9 – Renewal of Proportional Takeover Provisions**

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

*"That the proportional takeover provisions contained in Schedule 5 of the Company's Constitution be renewed for a period of three years from the date of the Meeting."*

**Short Explanation:** The Company's Constitution currently contains provisions dealing with proportional takeover bids. Schedule 5 will cease to have effect on 28 November 2013. The Directors consider that it is appropriate to renew Schedule 5 for a further term of three years, the maximum period permitted by law.

## **CONTINGENT BUSINESS**

### **Resolution 10 - Conditional Resolution to Hold a 'Spill Meeting'**

This Resolution will be considered at the AGM only if at least 25% of votes cast on Resolution 1 are cast against the Resolution (i.e. are against the adoption of the Remuneration Report). Further explanation of the circumstances in which this resolution is considered is included in the Explanatory Memorandum.

If at least 25% of votes cast on Resolution 1 are cast against the Resolution, the meeting is to consider and, if thought fit, pass the following resolution as an ordinary resolution of the Company:

*"That subject to and conditional on at least 25% of the votes cast on Resolution 1 being cast against the adoption of the Remuneration Report, approval is given for:*

- a) *an extraordinary general meeting of the Company (**Spill Meeting**) to be held within 90 days of the passing of this Resolution;*
- b) *all of the Directors in office when the Board resolution to approve the directors' report for the financial year ended 31 December 2012 was passed, excluding the Managing Director, Mr Peter Bowler, and who remain in office as Directors at the time of the Spill Meeting, to cease to hold office immediately before the end of the Spill Meeting; and*
- c) *resolutions to appoint persons to offices that will be vacated immediately before the end of the Spill Meeting be put to the vote at the Spill Meeting."*

(Note: this resolution will be ignored by the Chairman if greater than 75% of the votes cast on Resolution 1 are cast in favour of the Resolution).

A voting restriction applies to this resolution. See the Explanatory Memorandum for details.

## **OTHER BUSINESS**

To transact any other business which may be properly brought before the Meeting in accordance with the Company's Constitution and the Corporations Act.

## **NOTES**

### **Requisite majorities**

Resolutions 1 through 8 are ordinary resolutions and will be passed only if supported by a simple majority of the votes cast by Shareholders entitled to vote on the resolutions.

Resolution 9 is a special resolution and will be passed only if supported by at least 75% of the total votes cast by Shareholders entitled to vote on the resolution.

Resolution 10 is a contingent resolution and will be only put to the meeting and voted on if at least 25% of votes cast on Resolution 1 are cast against the Resolution (i.e. are against the adoption of the Remuneration Report). Resolution 10 is an ordinary resolution and will only be passed only if supported by a simple majority of votes cast by Shareholders entitled to vote on the resolution.

### **Voting exclusion statements**

*Resolution 1: Approval of the Remuneration Report (non-binding resolution)*

A vote on this Resolution must not be cast (in any capacity) by or on behalf of any of the following persons:

- a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- b) a Closely Related Party of such a member.

However, a person (the voter) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the Resolution; or
- b) the voter is the Chairman and the appointment of the Chairman as proxy:
  - i. does not specify the way the proxy is to vote on this Resolution; and
  - ii. expressly authorises the Chairman to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company, or if the Company is part of a consolidated entity, for the entity.

Please note, in accordance with sections 250R(4) and 250R(5) of the Corporations Act, the Chairman will not vote any undirected proxies in relation to Resolution unless the shareholder expressly authorises the Chairman to vote in accordance with the Chairman's stated voting intentions. Please note that if the Chairman of the meeting is your proxy (or becomes your proxy by default), by completing the attached proxy form, you will expressly authorise the Chairman to exercise your proxy on this Resolution even though it is connected directly or indirectly with the remuneration of a member of Key Management Personnel for the Company, which includes the Chairman.

If you appoint the Chairman as your proxy, you can direct the Chairman to vote for or against or abstain from voting on Resolution 1 by marking the appropriate box on the proxy form.

*Resolutions 4, 6 and 7: Approval of the Performance Rights Plan, Grant of Performance Rights to Mr Robert Watkins or his nominee and Grant of Performance Rights to Mr Peter Bowler or his nominee*

The Company will disregard any votes cast on this Resolutions 4, 6 and 7 by a Director (except one who is ineligible to participate in any employee incentive scheme of the Company) and an associate of a Director unless:

- 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.

In addition, a person appointed as a proxy must not vote, on the basis of that appointment, on Resolutions 4, 6 and 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.

However, the above prohibition does not apply if:

- a) the proxy is the Chairman of the Meeting; and
- b) the appointment expressly authorises the Chairman to exercise the proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

Please note, in accordance with sections 250BD(1) and (2) of the Corporations Act, the Chairman will not vote any undirected proxies in relation to Resolutions unless the shareholder expressly authorises the Chairman to vote in accordance with the Chairman's stated voting intentions. Please note that if the Chairman of the meeting is your proxy (or becomes your proxy by default) and if you do not direct the Chairman how to vote, you must tick the acknowledgement box in the proxy form to acknowledge that you expressly authorise the Chairman to exercise your proxy on these Resolutions even though the Chairman has an interest in these Resolutions and that the votes cast by the Chairman, other than a proxy holder, would be disregarded because of that interest.

If you appoint the Chairman as your proxy, you can direct the Chairman to vote for or against or abstain from voting on Resolutions 4, 6 and 7 by marking the appropriate box on the proxy form.

*Resolution 5: Approval of potential termination benefits under the PRP*

The Company will disregard any votes cast on Resolution 5 by:

- a) an employee or Director of the Company or any of its related body corporate or an associate of those persons; or
- b) a potential employee or Director of the Company or any of its related body corporate or an associate of those person,

unless:

- c) 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
- d) 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.

In addition, a person appointed as a proxy must not vote, on the basis of that appointment, on Resolution 5 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.

However, the above prohibition does not apply if:

- a) the proxy is the Chairman of the Meeting; and
- b) the appointment expressly authorises the Chairman to exercise the proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

Please note, in accordance with section 250BD(1) and (2) of the Corporations Act, the Chairman will not vote any undirected proxies in relation to this Resolution unless the shareholder expressly authorises the Chairman to vote in accordance with the Chairman's stated voting intentions. Please note that if the Chairman of the meeting is your proxy (or becomes your proxy by default), and if you do not direct the Chairman how to vote, you must tick the acknowledgement box in the proxy form to acknowledge that you expressly authorise the Chairman to exercise your proxy on this Resolution even though the Chairman has an interest in the Resolution and that the votes cast by the Chairman, other than a proxy holder, would be disregarded because of that interest.

If you appoint the Chairman as your proxy, you can direct the Chairman to vote for or against or abstain from voting on Resolution 5 by marking the appropriate box on the proxy form.

#### *Resolution 8: Ratification of Placement Shares*

The Company will disregard any votes cast on Resolution 8 by any person who participated in the issue and any of their associates, unless:

- 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 Chairman of 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: Conditional Resolution to Hold a 'Spill Meeting'*

A vote on this Resolution must not be cast (in any capacity) by or on behalf of any of the following persons:

- a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- b) a Closely Related Party of such a member.

However, a person (the voter) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the Resolution; or
- b) the voter is the Chairman and the appointment of the Chairman as proxy:
  - i. does not specify the way the proxy is to vote on this Resolution; and
  - ii. expressly authorises the Chairman to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company, or if the Company is part of a consolidated entity, for the entity.

#### **Proxies**

Please note that:

- a) a member of the Company entitled to attend and vote at the General Meeting is entitled to appoint a proxy;
- b) a proxy can be an individual or a body corporate;
- c) a proxy need not be a member of the Company; and
- d) a member of the Company 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, but where the proportion or number is not specified, each proxy may exercise half of the votes.

In order to record a valid vote, members will need to take the following steps:

- a) Custodian voting - For Intermediary Online subscribers only (custodians) please visit [www.intermediaryonline.com](http://www.intermediaryonline.com) to submit your voting intentions; or
- b) Complete and lodge the proxy form with the Company at the address or facsimile number specified below, along with any power of attorney or notarially certified copy of a power of attorney (if the proxy form is signed pursuant to a power of attorney) to:

Beadell Resources Limited  
 c/- Computershare Investor Services Pty Ltd  
 GPO Box 242  
 Melbourne VIC 3001  
 or facsimile 1800 783 447 (within Australia) or  
 +613 9473 2555 (outside Australia)

so that it is received not later than **9:00am (WST) on Wednesday, 22 May 2013**, being not less than 48 hours prior to the commencement of the meeting. Proxy forms received later than this time will be invalid.

The enclosed proxy form provides further details on appointing proxies and lodging proxy forms.

### **“Snap-shot” time**

The Company's directors have determined that all shares of the Company that are quoted on ASX at 5:00pm WST on 22 May 2013 shall, for the purposes of determining voting entitlements at the General Meeting, be taken to be held by the persons registered as holding the shares at that time.

### **Corporate representative**

Any corporate Shareholder who has appointed a person to act as its corporate representative at the Meeting should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative. The authority may be sent to the Company and/or registry in advance of the meeting or handed in at the meeting when registering as a corporate representative. An appointment of Corporate Representative form is available upon request from the Company Secretary.

### **Explanatory Memorandum**

The Explanatory Memorandum accompanying this Notice of Annual General Meeting is incorporated in and comprises part of this Notice of Annual General Meeting.

### **By Order of the Board of Directors**



### **Greg Barrett**

Company Secretary  
Beadell Resources Limited

15 April 2013

## **Explanatory Memorandum**

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This Explanatory Memorandum has been prepared for the information of Shareholders in relation to the business to be conducted at the Company's Annual General Meeting.

The purpose of this Explanatory Memorandum is to provide Shareholders with all information known to the Company which is material to a decision on how to vote on the resolutions in the accompanying Notice of Annual General Meeting.

This Explanatory Memorandum should be read in conjunction with the Notice of Annual General Meeting and the Company's 2012 Annual Report.

### **Financial statements and reports**

As required under section 317 of the Corporations Act, the Annual Financial Statements for the 12 months ended 31 December 2012 will be laid before the Annual General Meeting.

The Annual Financial Statements are included in the Company's 2012 Annual Report, a copy of which can be accessed online at: <http://www.beadellresources.com.au/irm/content/annualreport.aspx?RID=250>. Shareholders will be given the opportunity to ask questions and make comments about the reports or the Company generally, but there will be no formal resolution submitted to the Annual General Meeting.

### **Resolution 1 – Approval of the Remuneration Report**

The Corporations Act requires that a resolution to adopt the Remuneration Report be put to the vote of the Company.

The Remuneration Report forms part of the Directors' Report included in the 2012 Annual Report. The Remuneration Report:

- explains the Board's policy for determining the nature and amount of remuneration of executive Directors and senior management of the Company;
- explains the relationship between the Board's remuneration policy and the Company's performance;
- sets out remuneration details for each Director and the most highly remunerated senior management of the Company; and
- details and explains any performance conditions applicable to the remuneration of executive Directors and senior management of the Company.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the Meeting.

While the vote does not bind the Company or the Directors, there are important consequences if there is a material "against" vote on this resolution. The Corporations Act was amended in 2011 to introduce what is referred to as the "two strikes" rule. The two strikes rule provides that if at least 25% of the votes cast on the adoption of the Remuneration Report at two consecutive annual general meetings are against adopting the Remuneration Report, Shareholders will have the opportunity to vote on a "spill resolution" (as described below).

At the 2012 Annual General Meeting, approximately 62% of the votes cast in respect of the resolution to adopt the 2011 Remuneration Report were cast in favour of the adoption of the Remuneration Report and 38% against. Because the votes "against" exceeded 25% of the votes cast, the Company recorded a "first strike" under the new two strikes rule. If (and only if) at least 25% of the votes cast on Resolution 1 at the 2013 Annual General Meeting are against adopting the 2012 Remuneration Report, this will constitute a "second strike" and Resolution 10 (known as the "Spill Resolution") will be put to the Meeting and voted on.

The Spill Resolution is an ordinary resolution which, if passed, will require the Board to convene a further general meeting of the Company ("Spill Meeting") to consider the composition of the Board.

If less than 25% of the votes cast on Resolution 1 are against adopting the Remuneration Report at the 2013 Annual General Meeting, then there will be no "second strike" and Resolution 10 will not be put to the Meeting.

Following the "first strike" against the 2011 Remuneration Report, the Company established a short term incentive plan (STI) and a long term incentive plan (LTI) for its three executives, which are detailed in the Remuneration Report. The Company worked closely with independent advisors in establishing the parameters of the STI and LTI plans. The independent advisors have provided advice on the executive incentive plan framework to ensure that it aligned with the business strategy, fulfilled the requirements of the key stakeholders and met the expectations of the shareholder groups. Separately to this, the Company also obtained advice on remuneration levels from other independent sources.

The Board believes that the Company's remuneration arrangements, as set out in the 2012 Remuneration Report, are fair, reasonable and appropriate. The arrangements support the strategic direction of the Company and align with Shareholders' expectations.

Shareholders will be given a reasonable opportunity at the Meeting to ask questions about, and make comments on, the Remuneration Report and the Company's remuneration arrangements.

The Chairman of the Meeting intends to vote all available proxies in favour of Resolution 1.

## Directors' Recommendation

The Directors unanimously recommend that Shareholders vote **in favour** of Resolution 1.

### Resolution 2 – Re-election of Mr Craig Readhead

Clause 6.3(b) of the Constitution provides that a Director must retire from office no later than the longer of: (i) the third annual general meeting of the Company; or (ii) three years following that Director's election or appointment, at the next annual general meeting. However, a Director who retires under this clause is eligible for re-election at that meeting as provided in clause 6.3(f) of the Constitution.

Accordingly, Mr Craig Readhead retires in accordance with Clause 6.3(b) of the Company's Constitution and, being eligible and having given his consent, offers himself for re-election as a Director of the Company.

Further information of Mr Craig Readhead can be found in the 2012 Annual Report.

## Directors' Recommendation

The Directors, other than Mr Craig Readhead, unanimously recommend that Shareholders vote **in favour** of Resolution 2.

### Resolution 3 – Re-election of Mr Robert Watkins

Clause 6.3(b) of the Constitution provides that a Director must retire from office no later than the longer of: (i) the third annual general meeting of the Company; or (ii) three years following that Director's election or appointment, at the next annual general meeting. However, a Director who retires under this clause is eligible for re-election at that meeting as provided in clause 6.3(f) of the Constitution.

Accordingly, Mr Robert Watkins retires in accordance with Clause 6.3(b) of the Company's Constitution and, being eligible and having given his consent, offers himself for re-election as a Director of the Company.

Further information of Mr Robert Watkins can be found in the 2012 Annual Report.

## Directors' Recommendation

The Directors, other than Mr Robert Watkins, unanimously recommend that Shareholders vote **in favour** of Resolution 3.

### Resolutions 4 and 5 – Approval of issue of Performance Rights and payment of potential termination benefits under the Performance Rights Plan

#### Introduction

The Company is focused on the delivery of sustainable value to its shareholders. A remuneration structure has been developed which directly links long term incentives for its senior executives and other employees to the generation of long term Total

Shareholder Return (**TSR**) outperformance, relative to the TSR performance of a specified group of comparator peer companies (**Relative TSR**).

Offering such incentives will:

- allow the Company: to attract and retain executives and employees of a high calibre who have the knowledge, experience and capability to deliver its business objectives;
- link the reward of key staff with the achievement of strategic goals and long-term performance objectives of the Company; and
- allow the focus to be on the generation of future Shareholder value.

The TSR hurdle has been selected as it aligns long term reward with the creation of shareholder value and is in line with current market practice.

Under the proposed PRP, eligible participants will be offered Performance Rights as a part of their annual total remuneration. Performance Rights will convert into Shares (that is, they will 'vest') subject to satisfaction of continuity of service and Relative TSR performance conditions. Vesting will result in the issue to the eligible participant of one Share of the Company for every Performance Right. Performance rights that do not vest will lapse.

More significantly, the PRP will enable the Company to make annual grants to senior executives so that Performance Rights form a key component of their total annual remuneration. The quantum of Performance Rights to be granted will be determined by the Board each year, taking into account the Company's remuneration strategy, targeting the 50th percentile of companies comparable in size, industry and complexity as well as the role and seniority of the individual.

Subject to the Shareholder approval now sought, the PRP will form part of the Company's long term remuneration structure.

A summary of the rules of the PRP (**PRP Rules**) is set out in Schedule 1 attached. The terms on which Performance Rights will be offered (subject to the approval of Resolutions 4, 5, 6 and 7) to Mr Robert Watkins and Mr Peter Bowler under the PRP Rules are set out in this Explanatory Memorandum. The PRP Rules set out the general terms of the PRP. A grant of Performance Rights under the PRP is subject to both the PRP Rules and the terms of the specific grant. The Performance Rights will vest subject to meeting pre-determined vesting condition relating to TSR. Shares will subsequently be issued through an automatic exercise of the Performance Rights with no consideration payable for such exercise.

In the future, it is proposed that grant of Performance Rights will be made annually following announcement of the Company's full-year results. The Board will have discretion to make grants at other times, including the commencement of employment by a person deemed by the Board to be eligible to participate in the PRP.

No securities have yet been issued by the Company under the PRP.

While the PRP Rules provide the Board with flexibility in the design of the annual offer, the Board's current intention is to make future offers on terms broadly consistent with the terms of the offer proposed for each of Mr Robert Watkins and Mr Peter Bowler, as set out in this Explanatory Memorandum.

### Shareholder Approval

Shareholder approval of the PRP is sought for all purposes under the Corporations Act and the ASX Listing Rules, including for the following purposes:

- a) Listing Rule 7.1 provides that without the approval of the Shareholders, an entity must not issue or agree to issue equity securities which amount to more than 15% of its issued share capital in any rolling 12 month period. However, Listing Rule 7.2 sets out a number of exceptions to ASX Listing Rule 7.1. These exceptions include Exception 9 which covers an issue under an employee incentive scheme if within 3 years before the date of issue the Shareholders have approved the issue of securities under the scheme. In accordance with ASX Listing Rule 7.2 Exception 9, any securities issued under the PRP will be excluded from the calculation of the maximum number of new securities that can be issued by the Company in any 12 months period for the purposes of Listing Rule 7.1 for a period of three years from the date of this approval.
- b) Under Section 200B of the Corporations Act, a company may only give a person a benefit in connection with their ceasing to hold a managerial or executive office in the Company or a related body corporate of the Company if it is approved by shareholders or an exemption applies.

This section of the Corporations Act applies to managerial or executive officers of the Company or any of its subsidiaries, which includes directors and all persons whose remuneration is required to be disclosed in the Company's Remuneration Report. This section also applies to persons who, at any time in the three year period up to their retirement, held managerial or executive positions.

The term 'benefit' has a wide operation and may include benefits resulting from the Board exercising its discretion under the PRP Rules (as summarised in Schedule 1).

The Company is therefore seeking Shareholder approval under Section 200B of the Corporations Act for the exercise of the Board's discretion in respect of any current or future participant in the PRP who holds:

- a) a managerial or executive office in the Company (or a related body corporate of the Company) at the time of their leaving or at any time in the three years prior to their leaving; and

- b) Performance Rights under the PRP at the time of their leaving.

The termination benefit that may be given under the PRP is the early vesting of the Performance Rights if the Participant ceases employment with the Company due to death, disability, bona fide redundancy or other reason with the approval of the Board. The value of such benefits cannot presently be ascertained but matters, events and circumstances that will, or likely to, affect the calculation of that value include:

- the number of Performance Rights held by the participant prior to cessation of employment;
- the number of Performance Rights that vest;
- the market price of Shares on ASX on the last ASX trading day before the date of calculation;
- the participant's length of service and the portion of vesting periods at the time they cease employment;
- the status of the performance hurdles attaching to the Performance Rights at the time the participant's employment ceases; and
- the number of unvested Performance Rights that the participant holds at the time they cease employment.

The Board's current intention is to only exercise this discretion:

1. where the employee leaves employment without fault on their part; and
2. so as only to preserve that number of unvested Performance Rights as are pro-rated to the date of leaving.

If Shareholder approval is given under this Resolution the Company will still be required to comply with Listing Rules 10.18 and 10.19, which place restrictions on the circumstances in which termination benefits can be paid and a cap on the value of termination benefits that can be paid to officers of the Company.

### Relief under the Corporations Act

The Company has applied for technical relief from certain provisions of the Corporations Act in respect of the PRP from ASIC. This is due to the fact that Performance Rights (rather than shares or options) do not neatly fall under ASIC's Class Order for employee incentive schemes. The relief relates to not having to hold a financial services licence to advise employees about the PRP and relief from the security hawking prohibitions in connection with the PRP as well as disclosure relief under the Corporations Act.

## Directors' Recommendation

The Directors unanimously recommend that Shareholders vote **in favour** of Resolutions 4 and 5

## Resolutions 6 and 7 – Grant of Performance Rights to Mr Robert Watkins to Mr Peter Bowler or their nominees

Shareholders are being asked to approve Resolutions 6 and 7 to allow Performance Rights and Shares that may vest under the PRP to be issued to the executive Directors, Mr Peter Bowler and Mr Robert Watkins, as set out below.

The Board has determined that the grant of Performance Rights under the PRP to Mr Watkins and Mr Bowler is an appropriate form of long term incentive for the Company's key management personnel. The Board considers that Mr Bowler and Mr Watkins are essential to the operation of the Company's ongoing business.

## Quantum

In accordance with the Company's remuneration policy, the long term incentive (LTI) component of:

- Mr Bowler's remuneration is \$371,500; and
- Mr Watkins' remuneration is \$220,000.

The number of performance rights was calculated by dividing the LTI component by \$0.9034 being the volume weighted average price of the Company's shares traded on the ASX over 60 trading days prior to, and including, the date, of the release of the Company's results for the financial year ended 31 December 2012 on 27 March 2013.

Accordingly, subject to Shareholders' approval being received, the Company is proposing to allot and issue:

- a) 243,524 Performance Rights to Mr Watkins, an executive Director, or his nominee; and
- b) 411,224 Performance Rights to Mr Bowler, the Managing Director, or his nominee.

In determining the quantum of Performance Rights to be issued to Mr Watkins and Mr Bowler, the Board took into account the Company's remuneration strategy, the Company's situation, the role and contribution of Mr Bowler and Mr Watkins and the market practice for remuneration of executive officers in positions of similar responsibility. Accordingly, they determined that the proposed grant of Performance Rights to Mr Watkins and Mr Bowler is appropriate.

## Performance period

The performance period for the Performance Rights granted to Mr Bowler and Mr Watkins will commence on 1 January 2013 and end on 31 December 2013.

If Mr Watkins and Mr Bowler cease employment, the following will apply in respect of unvested rights:

- On their death or cessation of employment due to illness, total or permanent disablement, redundancy or other circumstances determined by the Board, they will be entitled to be issued Shares related to the unvested Performance Rights to the extent that such unvested Performance Rights become vested Performance Rights under the PRP Rules within:

1. 6 months from the date of the occurrence of the Specified Reason; or
2. such longer period as the Board determines, but not longer than the original expiry date.

Performance Rights which have not vested within the 6 months or the longer period determined by the Board will automatically lapse.

- The Board will have discretion to:
  1. accelerate the vesting date for any Performance Right; and
  2. in determining the number of vested Performance Rights the Participant's reduced period of employment shall not be taken into account to reduce the number of vested Performance Rights on a pro rata basis for one or more performance hurdles.

If they cease employment in circumstances other than those described above, all unvested Performance Rights will automatically lapse.

## Vesting conditions and performance hurdles

In order for any of the Performance Rights to vest, the Company's TSR must be at or above the 50<sup>th</sup> percentile of the comparator group's TSR over the performance period.

The Company's TSR will be measured relative to companies within the Gold GICS sub-industry that are also within 50% to 200% of the Company's market capitalisation (as at 17 October 2012) (**Comparator Group**).

The number of Performance rights that vest based on the Company's TSR relative to the Comparator Group is outlined in the following table:

TSR of Company relative to TSRs of companies in the Comparator Group	Proportion of Performance Rights that vest
Less than the 50th percentile	0%
Between 50th percentile and 75th percentile	Straight line vesting between 50% and 75%*
More than 75th percentile	100%

\* Straight line vesting between the 50th percentile and 75th percentile is determined using the following formula:

$$50\% + 50\% \times \frac{0.75 - \text{Percentile Rank}}{0.75 - 0.5}$$

#### Relative TSR Ranking

Companies comprising the Comparator Group and the Company are ranked from highest to lowest in accordance with their respective TSRs for the relevant performance period. The percentile ranking of each company is calculated based on the "straight-line method" for calculating percentiles (i.e., the lowest ranked company is percentile 0 and the highest ranked company is percentile 100).

The straight-line percentile rank for each company is determined as follows:

$$\frac{n - r}{n - 1}$$

Where:

$n$  = Number of companies comprising the Comparator Group

$r$  = Rank of the company in question, where companies in the Comparator Group are ranked in order of their TSR (the company with the highest TSR is allocated the highest rank; i.e., 1).

The Board will take into consideration a number of factors in its approach to the calculation of TSR including:

- the start and end average period;
- use of adjusted or unadjusted share prices (and dividends);
- treatment of dividends / distributions;
- treatment of tax and any franking credits (or equivalent);
- treatment of foreign currency; and
- treatment of delisted companies, or those impacted by mergers or other corporate restructures.

Further details are set out in Schedule 2.

#### Vesting Date

The test date for determining whether the Vesting Conditions have been satisfied (**Test Date**) will be 31 December 2013.

The Performance Rights will only vest (and the underlying Shares will only be issued) upon the Board making a determination in relation to the Vesting Conditions set out above. Performance Rights that do

not vest in accordance with the Board's determination as to vesting will immediately lapse.

If the Board determines that any of the Performance Rights will vest in accordance with the Vesting Conditions (**Vesting Performance Rights**):

- a) the vesting date for 50% of the Vesting Performance Rights will be 31 December 2015; and
- b) the vesting date for 50% of the Vesting Performance Rights will be 31 December 2016.

Shares will be issued by the Company through an automatic exercise, for nil consideration, of the Performance Rights that vest (on a one vested Performance Right for 1 Share basis) as soon as reasonably practicable after the relevant Vesting Date for the Performance Rights that vest.

#### ASX Listing Rule issues

Listing Rule 10.11 provides a general restriction against issuing securities to directors without shareholder approval.

Listing Rule 10.14 provides that a company must not issue equity securities (including Performance Rights) to a director of the company under an employee incentive scheme unless the issue has been approved by shareholders. If approval is given by shareholders under Listing Rule 10.14, separate shareholder approval is not required under Listing Rule 10.11.

Under Resolutions 6 and 7, the Company seeks approval from Shareholders for the issue of Performance Rights to the executive Directors, Mr Bowler and Mr Watkins.

For the purposes of the approval sought under Listing Rule 10.14 and for all other purposes, the following information is provided to Shareholders in respect of the Performance Rights under Listing Rule 10.15:

- a) The Performance Rights will be granted to Mr Robert Watkins (an executive Director of the Company) and Mr Peter Bowler, the Managing Director of the Company, or their respective nominees.
- b) The maximum number of Performance Rights which will be granted to Mr Watkins under Resolution 6 is 243,524.
- c) The maximum number of Performance Rights which will be granted to Mr Bowler under Resolution 7 is 411,224.
- d) No consideration is payable by Mr Watkins and Mr Bowler at the time of grant of the Performance Rights or upon the allocation of Shares to which they may become entitled to on the vesting and exercise of some or all of the Performance Rights.
- e) The grant of Performance Rights will be performance tested over the period between 1 January 2013 and 31 December 2013 against a

Relative TSR measure, the details of which are set out above.

- f) No grants have been made under the PRP as at the date of this Explanatory Memorandum, and it is expected that none will be made until after the date of the 2013 Annual General Meeting.
- g) The Managing Director, the chief financial officer, the Executive Director-Geology and any other employee of the Company, as determined by the Board in its absolute discretion, will be entitled to participate in the PRP.
- h) Voting exclusion statements are set out in pages 4 of the Notice.
- i) No loans will be made by the Company in connection with the acquisition of the Performance Rights.
- j) It is expected that the Performance Rights will be granted to Mr Watkins and Mr Bowler as soon as practicable following the receipt of the ASIC relief referred to in Resolutions 4 and 5 above and in any event no later than 12 months from the date of this Annual General Meeting.

#### **Chapter 2E of the Corporations Act**

Chapter 2E of the Corporations Act regulates the provision of financial benefits to related parties by a public company. The issue of the Performance Rights to Mr Watkins and Mr Bowler under Resolutions 6 and 7 constitutes the provision of a financial benefit to related parties.

It is the view of the Directors that the proposed issue of Performance Rights pursuant to Resolutions 6 and 7 fall within the exception under section 211 of the Corporations Act (reasonable remuneration) given the circumstances of the Company and the positions held by Mr Bowler and Mr Watkins. Accordingly, the Directors have determined not to seek shareholder approval under section 208 of the Corporations Act for the issue of the Performance Rights to Mr Bowler and Mr Watkins.

#### **Directors' recommendation**

The Directors (excluding Mr Robert Watkins) unanimously recommend that Shareholders vote in favour of Resolution 6.

The Directors (excluding Mr Peter Bowler) unanimously recommend that Shareholders vote in favour of Resolution 7.

#### **Resolution 8 – Ratification of Placement Shares**

As announced on 27 and 28 March 2013, the Company conducted a placement to sophisticated and professional investors (as defined in sections 708(8) and 708(11) of the Corporations Act respectively) (**Placement**) with UBS AG, the Australian branch, acting as the sole lead manager, bookrunner and underwriter of the Placement.

The net proceeds from the Placement were used by the Company as follows:

- approximately \$8 million were used to pay down all outstanding capital expenditure invoices on the CIL gold plant which was completed in December 2012; and
- the remainder of the proceeds were used to bolster the Company's balance sheet.

The Placement comprised the issue of 27,472,528 Shares at the issue price of \$0.91 for the Placement Share, raising approximately \$25 million (before costs).

#### **Listing Rule 7.4**

As Shares issued under the Placement were issued within the Company's placement capacity under Listing Rule 7.1, it was issued without the requirement for Shareholder approval.

Listing Rule 7.4 allows a company to seek the approval of its shareholders for an issue of securities after the issue has been made without approval under Listing Rule 7.1. The Company now seeks Shareholder approval to ratify the issue of the Placement Shares. Approval of this resolution will provide the Company with the flexibility to issue further securities as required.

The following information is required by Listing Rule 7.5 in relation to the issue of the Placement Shares.

- a) The number of the Placement Shares issued by the Company was 27,472,528 Shares.
- b) The issue price for the Placement Shares was \$0.91 for each Placement Share.
- c) The Placement Shares rank equally in all respects with the Company's existing Shares.
- d) The Placement Shares were issued and allotted to professional and sophisticated investors who were clients of UBS AG.
- e) The funds raised from the issue of the Placement Shares were used by the Company for the following purposes:
  - 1. approximately \$8 million were used to pay down all outstanding capital expenditure invoices on the CIL gold plant which was completed in December 2012; and
  - 2. the remainder of the proceeds were used to bolster the Company's balance sheet.

The Directors intend to vote in favour of Resolution 8 (subject to any applicable voting exclusions) and unanimously recommend that Shareholders vote in favour of Resolution 8.

#### **Resolution 9 – Renewal of Proportional Takeover Provisions**

Under the Corporations Act, a company is empowered to include in its constitution a provision to enable the

company to refuse to register shares acquired under a proportional takeover bid unless a resolution is passed by shareholders in general meeting approving the offer.

The Company's Constitution currently contains provisions dealing with proportional takeover bids. Schedule 5 will cease to have effect on 28 November 2013. The Directors consider that it is appropriate to renew Schedule 5 for a further term of three years.

### **Proportional takeover bids**

A proportional takeover bid is an off market takeover offer sent to all Shareholders but only in respect of a specified portion of each Shareholder's Shares in the Company (i.e. less than 100%). Accordingly, if a Shareholder accepts in full the offer under a proportional takeover bid, the Shareholder will dispose of the specified portion of the Shareholder's Shares and retain the balance of the Shares.

#### **Effect of proposed proportional takeover provision**

The effect of Schedule 5 is that if a proportional takeover bid is made to Shareholders, the Directors are obliged to convene a meeting of Shareholders to be held 15 days or more before the offer closes. The purpose of the meeting is to vote upon a resolution to approve the proportional takeover bid. For the resolution to be approved, it must be passed by a simple majority of votes at the meeting, excluding votes of the bidder and its associates.

If no such resolution is voted on within the required timeframe, the resolution is deemed to have been approved. This, in effect, means that Shareholders as a body may only prohibit a proportional takeover bid by rejecting such a resolution.

If the resolution is approved or deemed to have been approved, transfers of Shares under the proportional takeover bid (provided they are in all other respects in order for registration) must be registered.

If the resolution is rejected, registration of any transfer of Shares resulting from that proportional takeover bid is prohibited and the offer is deemed by the Corporations Act to have been withdrawn.

The renewed Schedule 5 will expire three years after its adoption unless renewed by a further special resolution of Shareholders.

The proportional takeover provision does not apply to a full takeover bid.

### **Reasons for proposing the resolution**

The Directors consider that Shareholders should have the opportunity to vote on a proposed proportional takeover bid. A proportional takeover bid may result in effective control of the Company changing hands without Shareholders having the opportunity of disposing of all their Shares. Shareholders could be at risk of passing control to the offer or without payment of an adequate control premium for all their Shares whilst leaving themselves as part of a minority interest in the Company.

If Resolution 9 is passed, Schedule 5 can prevent this occurring by giving Shareholders the opportunity to decide whether a proportional takeover bid is acceptable and should be permitted to proceed.

### **Presently proposed acquisitions**

As at the date of this Explanatory Memorandum, no Director of the Company is aware of any proposal by any person to acquire or increase the extent of a substantial interest in the Company.

### **Potential advantages and disadvantages for the Directors and shareholders**

The Directors consider that it is a potential advantage to all Shareholders that they have the opportunity to consider and vote upon any proposed proportional takeover bid. For a proportional takeover bid to be approved, it must be approved by more than half of the Shares voted at the meeting excluding the Shares of the bidder and its associates, and accordingly the existence of Schedule 5 is likely to cause an intending bidder to formulate its offer in a way that would be attractive to a majority of Shareholders. It may also have the effect of not allowing control of the Company to pass without payment of a control premium.

The Directors consider that it would be an advantage to them to have the opportunity to ascertain the views of Shareholders on any proportional takeover bid.

As to the possible disadvantages of Schedule 5, it may be perceived by some Shareholders that its presence makes a proportional takeover bid less likely to succeed and that therefore the chances of receiving an opportunity to dispose of any part of their Shares would be reduced because potential bidders may be discouraged from making a proportional takeover bid. This may be thought to potentially remove or reduce any speculative element of the market price of the Shares arising from the possibility of a proportional takeover bid. Some Shareholders may consider the presence of Schedule 5 to be an additional restriction on the ability of individual Shareholders to deal freely with their Shares.

During the period in which Schedule 5 has had effect (i.e. up to 28 November 2013), the advantages and disadvantages set out above have applied.

### **Directors' recommendation**

The Directors unanimously recommend that Shareholders approve the renewal of Schedule 5 of the Constitution and vote **in favour** of the Resolution 9.

### **Resolution 10 - Conditional Resolution to Hold a 'Spill Meeting'**

The Corporations Act was amended in June 2011 to introduce the "two strikes" rule. This rule provides that, if at least 25% of the votes cast on the adoption of the Remuneration Report are against the resolution at two consecutive annual general meetings, then shareholders will have the opportunity to vote on a "Spill resolution".

At the Annual General Meeting held on 25 May 2012, at least 25% of the votes cast on the resolution to adopt the Remuneration Report were against adopting the report. This constitutes a "first strike". If at least 25% of the votes cast on Resolution 1 are cast against the adoption of the Remuneration Report at the 2013 AGM this will constitute a second strike and Resolution 10 will be put to the meeting and voted on as required by section 250V of the Corporations Act (the "Spill resolution"). If less than 25% of the votes cast on Resolution 1 are against adopting the Remuneration Report at the 2013 AGM, then there will be no second strike and Resolution 10 will not be put to the meeting.

If put, the Spill resolution will be considered as an ordinary resolution.

If the Spill resolution is passed, a further meeting of members must be held within 90 days (the "Spill Meeting") of the resolution being passed. Any of the Directors who approved the last Directors' report for the financial year ended 31 December 2012 (being Robert Watkins, Craig Readhead, Ross Kestel and Mike Donaldson) and who remain in office as Directors at the date of the Spill Meeting will cease to hold office immediately before the end of the Spill Meeting.

In accordance with the Corporations Act, Mr Peter Bowler will not cease to hold office or be subject to re-election at the Spill Meeting if no other Managing Director has been appointed by the date of the Spill Meeting as he is not subject to retirement at a general meeting.

Any Director who ceases to hold office at the Spill Meeting is eligible to seek re-election as a Director at the Spill Meeting.

If the Spill resolution is passed, members should note that each of the Directors who will cease to hold office at the Spill Meeting intend to stand for re-election at the Spill Meeting.

Shareholders may vote against the adoption of the Remuneration Report (Resolution 1) but may still vote against a Spill Meeting being held. This is a matter for Shareholders' discretion.

If a Spill Meeting is to be held, there is a mechanism to ensure that the statutory minimum of 3 Directors remains after the Spill Meeting. This mechanism will be explained in detail at the notice for the Spill Meeting if the Spill Meeting is required to be held. The persons elected to office by Shareholders at the Spill Meeting will have their appointments confirmed by resolution at the Company's 2014 AGM.

#### **Directors' Recommendation**

The Directors unanimously recommend that Shareholders vote **against** Resolution 10.

## Schedule 1

### Resolutions 4 and 5 - Approval of issue of securities under the PRP and potential termination benefits under the PRP

#### Summary of the PRP Rules

The Board is responsible for administering the PRP in accordance with the PRP Rules and the terms and conditions of the specific grants to participants in the PRP. The PRP Rules include the following provisions:

- a) The Managing Director of the Company, the Chief Financial Officer of the Company and the current Executive Director (Geology), Robert Watkins, of the Company are invited to participate in the initial PRP grant. The Board may, in its absolute discretion, broaden participation to other employees of the Company.
- b) Except on the death of an eligible person who has been granted Performance Rights (**Participant**), Performance Rights may not be transferred, assigned or novated except with the approval of the Board and any purported transfer, assignment or novation is of no effect.
- c) A Performance Right will only vest on the satisfaction of any performance conditions and any other relevant conditions advised to the Participant from time to time by the Board.
- d) A Participant has no entitlement to any dividends or voting rights unless and until the Shares comprised in each vested Performance Right has been issued.
- e) The Company will not apply for quotation of the Performance Rights on the ASX.
- f) If a Participant ceases to be an employee of the Company for any reason other than for cessation due to illness, total and permanent disability, redundancy, death or any other reason determined by the Board (**Specified Reasons**), any unvested Performance Rights held by that Participant or their permitted nominee will automatically lapse.
- g) If a Participant ceases to be an employee of the Company for a Specified Reason, the Participant is entitled to be issued Shares related to the unvested Performance Rights held by them if and to the extent that such unvested Performance Rights become vested Performance Rights under the PRP Rules within:
  1. 6 months from the date of the occurrence of the Specified Reason; or
  2. such longer period as the Board determines, but not longer than the original expiry date.Performance Rights which have not vested within the 6 months or the longer period determined by the Board will automatically lapse.
- h) Notwithstanding paragraph g), if a Participant ceases to be an employee of Company for a Specified Reason the Board may, subject to the requirements of the Listing Rules and Corporations Act, resolve to:
  1. accelerate the vesting date for any Performance Right; and
  2. in determining the number of vested Performance Rights the Participant's reduced period of employment shall not be taken into account to reduce the number of vested Performance Rights on a pro rata basis for one or more performance hurdles.
- i) Instead of granting vested Performance Rights to pay the Participant under paragraphs g) and h), the Board may, in its discretion, resolve to pay the Participant (or their nominee) the market value of the vested Performance Rights as determined on the vesting date.
- j) A Performance Right which has not vested will also lapse on the earlier of:
  1. the date the Board makes a determination that the performance hurdles have not been satisfied;
  2. the cessation of employment for a Specified Reason as described above;
  3. the cessation of employment for any reason other than a Specified Reason;
  4. the day the Board makes a determination that the Performance Right lapses due to a material breach by the Participant of his or her obligations to the Company, or if in the opinion of the Board the Participant acts fraudulently or dishonestly;
  5. the day the Board makes a determination in relation to a change of control of the Company or the winding up of the Company (in which case the Board may determine in its absolute discretion that all or a portion of the unvested Performance Rights or Vesting Performance Rights will become vested Performance Rights); or
  6. 1 January 2017.
- k) Unless the Board determines otherwise, no payment is required to be made by a Participant on the grant or vesting of a Performance Right.
- l) Any Shares issued under the PRP will rank equally with all other issued Shares. If the Shares issued to a Participant under the PRP are made up of newly issued Shares, the Company will apply for official quotation or listing of these Shares on ASX.
- m) The Company will pay all expenses, costs and charges in relation to the establishment, implementation and administration of the PRP, including all costs incurred in or associated with

the issue of Shares (except for taxes which are payable by Participants in respect of the Performance Rights and Shares issued upon vesting of Performance Rights) for the purposes of the PRP.

- n) In the event of:
1. a takeover bid being made for Shares;
  2. a change of control; or
  3. immediately upon the approval of a merger by way of a scheme of arrangement,
- the Board may, in its absolute discretion, determine that all or a specified number of a Participant's Performance Rights will vest.
- o) Subject to the applicable law, the Board may determine in its absolute discretion the number of unvested Performance Rights or Vesting Performance Rights that shall become vested (irrespective of whether the relevant performance hurdles have been met) where:
1. the Company passes a resolution for voluntary winding up; or
  2. an order is made for the compulsory winding up of the Company.
- p) In the event of any capital reorganisation by the Company (including any subdivision, consolidation, reduction or return of the issued capital of the Company), the number of Shares to which each Participant is entitled will be adjusted in the (if any) specified by the Listing Rules from time to time.
- q) Subject to paragraph p), a Performance Right does not entitle a Participant to participate in any new issue of Shares.
- r) The Board may make and amend rules for the operation of the PRP (including sub-plans and PRP addenda) that are not inconsistent with these terms and conditions and any matter incidental to the PRP to accommodate the specific requirements of local laws and procedures of the jurisdiction in which the PRP is offered.
- s) The Board has the sole and unfettered authority to interpret the PRP and to adopt, amend and rescind such administrative guidelines and other rules and regulations relating to the PRP as it may from time to time deem advisable and may make all other determinations and perform such other actions as the Board deems necessary or advisable to implement and administer the PRP.

## Schedule 2

### Performance Rights - Further Details

Performance rights to be granted in the 2013 financial year will be offered pursuant to the terms of the PRP set out in Schedule 1 and the performance conditions set out below:

#### Relative Total Shareholder Return

Total Shareholder Return ("TSR") measures the growth for a financial year in the price of shares plus cash distributions notionally reinvested in shares. In order for any of the Performance Rights to vest, the Company's TSR must be at or above the 50<sup>th</sup> percentile of the Comparator Group's TSR over the performance period. This is referred to as Relative Total Shareholder Return (**Relative TSR**).

The Comparator Group for Performance Rights granted in the 2013 financial year comprises:

Endeavour Corporation	Mining	Papillon Limited	Resources
Kingsgate Limited	Consolidated	Resolute Mining Limited	
Medusa Mining Limited		Silver Lake Resources Limited	
Northern Star Limited	Resources	St Barbara Limited	
Oceana Gold Corporation		Teranga Corporation	Gold
Perseus Mining Limited		Troy Resources Limited	

The Comparator Group may be altered at the Board's discretion if the current Comparator Group is no longer deemed to be an appropriate performance comparator for the Company.

The Board will take into consideration a number of factors its approach to TSR calculation including:

- the start and end average period;
- use of unadjusted or unadjusted share prices (and dividends);
- treatment of dividends / distributions;
- treatment of tax and any franking credits (or equivalent);
- treatment of foreign currency; and
- treatment of delisted companies, or those impacted by mergers or other corporate restructures.

Relative TSR performance is calculated at a single point in time and is not subject to retesting.

The proportion of the Performance Rights that vest will be determined based on the Company's TSR relative to the Comparator Group as follows:

Relative TSR Performance Over Measurement Period	% of Right to Vest
<50 <sup>th</sup> percentile	0%
>50 <sup>th</sup> & <75 <sup>th</sup> percentiles	Pro-rata between 50% and 75%
75 <sup>th</sup> percentile and above	100%

#### Example - hypothetical measurement of Relative TSR of comparator companies

Company	2013 TSR
A	-2%
B	+2%
C	+7%
D	+10%
E	+10%
F	+11%
G	+12%
H	+13%
I	+14%
J	+21%

If Beadell's TSR performance for the corresponding period is assumed to be 12%, then, Beadell's Relative TSR performance will fall at the 70<sup>th</sup> percentile. Accordingly, an award of 70% of the Performance Rights will be granted, and:

Performance Rights granted will be, for example, to Peter Bowler: 411,224

Award for 70<sup>th</sup> Percentile TSR will be: 70%

Shares to be issued (411,224 x 70%): 287,856

## GLOSSARY

The following terms and abbreviations used in this Explanatory Memorandum have the following meaning:

**2012 Annual Report:** The annual report of the Company for the 12 months ended 31 December 2012.

**Annual Financial Statements:** The financial statements, directors' report and auditors' report contained in the Annual Report.

**ASIC:** Australian Securities and Investments Commission.

**Associate:** Has the meaning given to that term in sections 11 to 17 of the Corporations Act.

**ASX:** ASX Limited ABN 98 008 624 691 and, where the context permits, the Australian Securities Exchange operated by ASX.

**Board:** The board of directors of the Company.

**Closely Related Party** of a member of Key Management Personnel means:

- a) a spouse or child of the member;
- b) a child of the member's spouse;
- c) a dependent of the member or the member's spouse;
- d) 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 Company;
- e) an entity the member controls; or
- f) a person prescribed by the Corporations Regulations 2001 (Cth).

**Company or Beadell:** Beadell Resources Limited ABN 50 125 222 291.

**Company Secretary:** company secretary of the Company.

**Constitution:** The constitution of the Company.

**Corporations Act:** *Corporations Act 2001 (Cth)*.

**Director:** A director of the Company

**Explanatory Memorandum:** The Explanatory Memorandum accompanying the Notice of Annual General Meeting.

**Key Management Personnel:** Has the same meaning as in the accounting standards and broadly includes those persons having authority and responsibility for planning, directing and controlling the activities of the

Company, directly or indirectly, including any Director (executive or otherwise) of the Company.

**Listing Rules:** The listing rules of the ASX.

**Meeting or Annual General Meeting:** The meeting convened by the Notice.

**Notice or Notice of Annual General Meeting:** The notice convening the Annual General Meeting which accompanies this Explanatory Memorandum.

**Performance Rights:** An entitlement granted to a participant in the PRP to receive one Share subject to the satisfaction of any application vesting conditions and performance hurdles.

**Placement:** Issue of Placement Shares.

**Placement Share:** A Share which is the subject of Resolution 8.

**PRP:** Beadell's Performance Rights Plan which is subject to shareholders' approval under Resolutions 4 and 5.

**Remuneration Report:** The remuneration report incorporated in the directors' report in the Annual Report which sets out the Company's remuneration arrangements for the Directors and officers of the Company.

**Resolution:** A resolution included in the Notice.

**Shareholders:** Holders of Shares.

**Shares:** Fully paid ordinary shares in the capital of the Company.

**WST:** Western Standard Time, being the time in Perth, Western Australia.



000001 000 BDR  
 MR SAM SAMPLE  
 FLAT 123  
 123 SAMPLE STREET  
 THE SAMPLE HILL  
 SAMPLE ESTATE  
 SAMPLEVILLE VIC 3030

## Lodge your vote:



### By Mail:

Computershare Investor Services Pty Limited  
 GPO Box 242 Melbourne  
 Victoria 3001 Australia

Alternatively you can fax your form to  
 (within Australia) 1800 783 447  
 (outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only  
 (custodians) [www.intermediaryonline.com](http://www.intermediaryonline.com)

### For all enquiries call:

(within Australia) 1300 137 515  
 (outside Australia) +61 3 9415 4667

## Proxy Form

For your vote to be effective it must be received by 09:00 am (Perth time) Wednesday, 22 May 2013

### How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

#### Appointment of Proxy

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

**A proxy need not be a securityholder of the Company.**

### Signing Instructions

**Individual:** Where the holding is in one name, the securityholder must sign.

**Joint Holding:** Where the holding is in more than one name, all of the securityholders should sign.

**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

### Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at [www.investorcentre.com](http://www.investorcentre.com) under the information tab, "Downloadable Forms".

**Comments & Questions:** If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**Turn over to complete the form** →



View your securityholder information, 24 hours a day, 7 days a week:

**[www.investorcentre.com](http://www.investorcentre.com)**

- Review your securityholding
- Update your securityholding

#### Your secure access information is:

SRN/HIN: I9999999999



**PLEASE NOTE:** For security reasons it is important that you keep your SRN/HIN confidential.

MR SAM SAMPLE  
 FLAT 123  
 123 SAMPLE STREET  
 THE SAMPLE HILL  
 SAMPLE ESTATE  
 SAMPLEVILLE VIC 3030

**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

# Proxy Form

Please mark  to indicate your directions

## STEP 1 Appoint a Proxy to Vote on Your Behalf XX

I/We being a member/s of Beadell Resources Limited hereby appoint

the Chairman of the Meeting **OR**

**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Beadell Resources Limited to be held at the King Street Room of the Rydges Hotel, corner of King and Hay Streets, Perth WA on Friday, 24 May 2013 at 09:00 am and at any adjournment or postponement of that meeting.

**Chairman authorised to exercise undirected proxies on remuneration related resolutions:** Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on items 1, 4, 5, 6, 7 & 10 (except where I/we have indicated a different voting intention below) even though Items 1, 4, 5, 6, 7 & 10 are connected directly or indirectly with the remuneration of a member of a key management personnel, which includes the Chairman.

**The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business with the exception of Item 10 where the Chairman of the Meeting will be voting against.**

**Important Note:** For Item 4, 5, 6 & 7 this express authority is also subject to you marking the box in the section below. If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on 1, 4, 5, 6, 7 & 10 by marking the appropriate box in step 2 below.

**Important for Items 4, 5, 6 & 7:** If the Chairman of the Meeting is your proxy and you have not directed the Chairman how to vote on Items 4, 5, 6 & 7 below, please mark the box in this section. If you do not mark this box and you have not otherwise directed your proxy how to vote on Items 4, 5, 6 & 7, the Chairman of the Meeting will not cast your votes on Items 4, 5, 6 & 7 and your votes will not be counted in computing the required majority if a poll is called on these items. The Chairman of the Meeting intends to vote undirected proxies in favour of Items 4, 5, 6 & 7 of business.

I/We acknowledge that the Chairman of the Meeting may exercise my/our proxy even if the Chairman has an interest in the outcome of Items 4, 5, 6 & 7 and that votes cast by the Chairman, other than as proxy holder, would be disregarded because of that interest.

## STEP 2 Items of Business **PLEASE NOTE:** If you mark the Abstain box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

### ORDINARY BUSINESS

	For	Against	Abstain
1 Approval of the Remuneration Report (non-binding resolution)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Re-election of Mr Craig Readhead	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Re-election of Mr Robert Watkins	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Approval of issue of Performance Rights under the Performance Rights Plan (PRP)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Approval of potential termination benefits under the PRP	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6 Grant of Performance Rights to Mr Robert Watkins or his nominee	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

	For	Against	Abstain
7 Grant of Performance Rights to Mr Peter Bowler or his nominee	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8 Ratification of Placement Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

### SPECIAL BUSINESS

	For	Against	Abstain
9 Renewal of Proportional Takeover Provisions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

### CONTINGENT RESOLUTION

	For	Against	Abstain
10 Conditional Resolution to Hold a 'Spill Meeting'	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote all available proxies in favour of each item of business with the exception of item 10 where the chairman of the meeting will be voting against.

## SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name \_\_\_\_\_

Contact Daytime Telephone \_\_\_\_\_

Date / / \_\_\_\_\_