



**NOTICE OF ANNUAL GENERAL MEETING  
PROXY FORM AND EXPLANATORY MEMORANDUM**

**PACIFIC NIUGINI LIMITED ACN 003 207 467**

**Date of Meeting:** 25 November 2014  
**Time of Meeting:** 10.00am Perth Time  
**Place of Meeting:** QV.1 Conference Centre, Training Room 2, Level 2,  
250 St Georges Tce, Perth WA

**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.**

# Pacific Niugini Limited ACN 003 207 467

## Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of Pacific Niugini Limited (**Company**) will be held at QV.1 Conference Centre, Training Room 2, Level 2, 250 St Georges Tce, Perth WA, on Tuesday, 25 November 2014 commencing at 10.00am Perth Time.

An Explanatory Memorandum containing information in relation to the following Resolutions accompanies and forms part of this Notice of Meeting.

Please note terms used in the Resolutions contained in this Notice of Meeting have the same meaning as set out in the glossary of the Explanatory Memorandum accompanying this Notice.

## Agenda

### Business

#### Financial Statements for the Year Ended 30 June 2014

To receive and consider the Financial Statements of the Company, the Directors' Report and the Auditor's Report for the year ended 30 June 2014, as set out in the 2014 Annual Report placed before the meeting.

#### Resolution 1 – Adoption of Remuneration Report

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

*"That Shareholders adopt the Remuneration Report for the financial year ended 30 June 2014 set out in the Company's financial statements for the same financial year."*

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

#### Voting exclusion

The Company will disregard and not count any votes cast on this resolution by or on behalf of a "Key Management Personnel" and their "Closely Related Parties" (as defined in the Corporations Act 2001) (**Restricted Voter**).

Key Management Personnel (**KMP**) are the Company's Directors and Executives identified in the Company's Remuneration Report. A Closely Related Party of a KMP means a spouse or child of the KMP, a child of the KMP's spouse, a dependant of the KMP or the KMP's spouse, anyone else who is one of the KMP's family and may be expected to influence the KMP, or be influenced by the KMP, in the KMP's dealings with the Company or a company the KMP controls.

The Company need not disregard a vote if:

- (a) it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the proposed; and
- (b) it is not cast on behalf of a Restricted Voter

## Resolution 2 – Re-Election of Mr David Osikore as a Director

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

*"That Mr David Osikore, who retires by rotation in accordance with clause 13.2 of the Company's Constitution and who offers himself for re-election, be re-elected a Director."*

## Resolution 3: Approval for additional 10% Placement Capacity

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

*"That, pursuant to and in accordance with Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions in the Explanatory Memorandum."*

### **Voting Exclusion**

The Company will disregard any votes cast on this Resolution by a person (and any associates of such a person) who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of Shares, if this Resolution is passed.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the Chairman 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 4 – Renewal of Existing Company Long Term Incentive Plan

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

*"That, for the purposes of ASX Listing Rule 7.2, Exception 9(b) and for all other purposes, shareholders approve the Pacific Niugini Limited Long Term Incentive Plan (**Plan**) and the grant of performance rights and issue of securities under the Plan, the rules of which are set out at Annexure A to the Explanatory Statement."*

### **Voting Exclusion**

The Company will disregard any votes cast on this resolution by a Director of the Company (except one who is ineligible to participate in the Plan) and any person associated with those persons.

However, the Company will not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the person chairing the Meeting as 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 accordance with section 250BD of the Corporations Act, a vote on this Resolution must not be cast by a person appointed as a proxy, where that person is either a member of Key Management Personnel or a Closely Related Party of such a member. However, a vote may be cast by such a person if the vote is not cast on behalf of a person who is excluded from voting on this Resolution and:

- (a) the person is appointed as a proxy by writing that specifies the way the proxy is to vote the Resolution; or
- (b) the person is the Chairman and the appointment of the Chairman as proxy does not specify the way the proxy is to vote on this Resolution, but expressly authorises the Chairman to exercise the proxy even if this Resolution is connected with the remuneration of a member of Key Management Personnel.

### **Resolution 5 – Ratification of prior issue of Shares**

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

*"That in accordance with ASX Listing Rule 7.4 and for all other purposes, the issue and allotment of 17,678,472 Shares to Bulletin Resources in completion of the Company's acquisition of the Halls Creek project on 10 April 2014, at a deemed issue price of \$0.07354 per Share and otherwise as set out in the Explanatory Statement, be approved."*

#### **Voting Exclusion**

The Company will disregard any votes cast on this Resolution by a person who participated in the issue and an associate of that person (or those persons). However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or it is cast by the chair of the Meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides

### **Resolution 6 – Ratification of prior issue of Shares**

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

*" That in accordance with ASX Listing Rule 7.4 and for all other purposes, the issue and allotment by placement of 20,000,00 Shares to sophisticated and other investors exempt from disclosure under S708 of the Corporations Act, completed on 3 June 2014, at an issue price of \$0.052 per Share and otherwise as set out in the Explanatory Statement, be approved."*

#### **Voting Exclusion**

The Company will disregard any votes cast on this Resolution by a person who participated in the issue and an associate of that person (or those persons). However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or it is cast by the chair of the Meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides

### **Resolution 7 – Change of Auditor**

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

*"That, subject to the Australian Securities and Investments Commission having granted its consent to the resignation of BDO Audit Pty Ltd as auditor of the Company, Somes Cooke, Perth be appointed auditor of the Company with such appointment to take effect from the time at which the resignation of BDO Audit Pty Ltd as auditor takes effect."*

## Notes:

### Proxies

- Votes at the Annual General Meeting may be given personally or by proxy, attorney or representative.
- A Shareholder entitled to attend and vote at the above meeting may appoint not more than two proxies to attend and vote at this meeting. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the Shareholder's voting rights.
- A proxy may but need not be a Shareholder of the Company.
- The instrument appointing the proxy must be in writing, executed by the appointer or his attorney duly authorised in writing or, if such appointer is a corporation, either under seal or under hand of an officer of his attorney duly authorised.
- The instrument of proxy (and the power of attorney or other authority, if any, under which it is signed) must be lodged by person, post, courier or facsimile and reach the Registered Office of the Company or the Share Registry at least 48 hours prior to the Meeting. For the convenience of Shareholders a Proxy Form is enclosed.

### ***Proxy vote if appointment specifies way to vote***

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, if it does:

- (a) the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and
- (b) if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands; and
- (c) if the proxy is the chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- (d) if the proxy is not the chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).
- (e) If the Chairman is to act as your proxy in relation to Resolution 1 (whether by appointment or default) and you have not given instructions on how to vote by marking the appropriate box in the voting directions section of the proxy form, the proxy form expressly directs and authorises the Chairman to cast your vote for Resolution 1. This express authorisation is included because without it, the Chairman would be precluded from casting your votes, as the Resolution is connected with the remuneration of Key Management Personnel.

### ***Transfer of non-chair proxy to chair in certain circumstances***

Section 250BC of the Corporations Act provides that, if:

- (a) an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- (b) the appointed proxy is not the chair of the meeting; and
- (c) at the meeting, a poll is duly demanded on the resolution; and
- (d) either of the following applies:
  - (i) the proxy is not recorded as attending the meeting;
  - (ii) the 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 the proxy for the purposes of voting on the resolution at the meeting.

## **Voting by Attorney**

A Shareholder may appoint an attorney to vote on their behalf. For an appointment to be effective for the Meeting, the instrument effecting the appointment (or a certified copy of it) must be received by the Company in one of the methods listed above for the receipt of Proxy Forms.

## **Entitlement to Vote**

For the purposes of section 1074E(2) of the Corporations Act 2001 and regulation 7.11.37 of the Corporations Regulations 2001, the Company determines that members holding ordinary shares at 6.00pm Brisbane Time on 20 November 2013 will be entitled to attend and vote at the Annual General Meeting.

## **Corporations**

In order to vote on behalf of a company that is a shareholder in the Company, a valid Appointment of Corporate Representative form must be either lodged with the Company prior to the General Meeting or be presented at the meeting before registering on the Attendee Register for the General Meeting. An Appointment of Corporate Representative form is enclosed if required.

## **Notice to Persons Outside Australia**

The Explanatory Statement has been prepared in accordance with Australian laws, disclosure requirements and accounting standards. These laws, disclosure requirements and accounting standards may be different to those in other countries.

The distribution of the Explanatory Statement may, in some countries, be restricted by law or regulation. Accordingly, persons who come into possession of this Explanatory Statement should inform themselves of, and observe, any such restrictions.

## **Disclaimers**

No person is authorised to give any information or make any representation which is not contained in this Explanatory Statement. Any information or representation not contained in this Explanatory Statement, may not be relied on as having been authorised by the Company or the Board in connection with the Transaction.

## **Privacy**

To assist the Company to conduct the Meeting, the Company may collect personal information including names, contact details and shareholding of Shareholders and the names of persons appointed by Shareholders to act as proxy at the Meeting. Personal information of this nature may be disclosed by the Company to its share registry, print and mail service providers, and the Company's agents for the purposes of implementing the consolidation of capital. Shareholders have certain rights to access their personal information that has been collected and should contact the Company secretary if they wish to access their personal information.

## **ASIC and ASX involvement**

Neither ASIC, ASX nor any of their officers take any responsibility for the contents of the Notice of Meeting and Explanatory Statement.

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

Dennis Lovell  
Company Secretary - Pacific Niugini Limited  
24 October 2014

## **Pacific Niugini Limited ACN 003 207 467**

### **Explanatory Memorandum**

This Explanatory Memorandum has been prepared for the Shareholders of Pacific Niugini Limited (**Company**) in connection with the business to be conducted at the Annual General Meeting of the Company to be held at QV.1 Conference Centre, Training Room 2, Level 2, 250 St Georges Tce, Perth WA on Tuesday, 25 November 2014 commencing at 10.00am Perth time.

This Explanatory Memorandum should be read in conjunction with the accompanying Notice of Annual General Meeting.

The Directors recommend that Shareholders read this Explanatory Memorandum before determining whether or not to support the Resolutions.

Terms used in this Explanatory Memorandum will, unless the context otherwise requires, have the same meaning given to them in the Glossary as contained in this Explanatory Memorandum.

### **Financial Reports**

Shareholders will be given an opportunity to ask questions of the Directors in relation to the financial statements of the Company at the Annual General Meeting.

For those Shareholders who have elected not to receive a hard copy of the Annual Report, it can be accessed on the Company's website at: <http://www.niugini.com.au>

The Annual Report is also available on the ASX website, [www.asx.com.au](http://www.asx.com.au) code PNR

### **Resolution 1 – Adoption of Remuneration Report**

Section 298 of the Corporations Act requires that the annual Directors' Report contain a Remuneration Report prepared in accordance with section 300A of the Corporations Act.

By way of summary, the Remuneration Report:

- (a) discusses the Company's policy and the process for determining the remuneration of its executive officers and Directors;
- (b) addresses the relationship between the remuneration of the Company's executive officers and the performance of the Company; and
- (c) sets out remuneration details for each Director and each of the executive officers of the Company named in the Remuneration Report for the financial year ended 30 June 2014.

Section 250R(2) of the Corporations Act requires companies to put a resolution to their members that the Remuneration Report be adopted. Pursuant to section 250R(3), the vote on this Resolution is advisory only and does not bind the Board or the Company.

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

The Board unanimously recommends that Shareholders vote in favour of Resolution 1.

### **Resolution 2 – Re-Election of Mr David Osikore as a Director**

Resolution 2 seeks approval for the re-election of Mr David Osikore as a Director with effect from the end of the Meeting.

Clause 13.2 of the Company's Constitution provides that at each annual general meeting one-third of the Directors (except the Managing Director or any alternate Director) or, if their number is not a

multiple of three, then such number as is appropriate to ensure that no Director (except the Managing Director or any alternative Director) holds office for more than 3 years, shall retire from office. Clause 13.2 of the Company's Constitution also provides that the Directors who are to retire are those of the Directors who have been in office the longest since their last election.

Mr Osikore retires from office in accordance with this requirement and submits himself for re-election as a Director.

The Board appointed Mr Osikore as a Director on 31 August 2009.

Mr Osikore BSc is a Geologist and has extensive exploration experience working for groups such as Bougainville Copper Limited, Placer Dome, Ingold (a subsidiary of INCO) and Renison Goldfields. In recent times he has been a Senior Geologist with Aurora Gold Limited, the Exploration Manager for Abelle Ltd responsible for their Wafi and Hidden Valley Projects and he was appointed the PNG Exploration Manager for Harmony Gold after their take-over of Abelle Ltd. David has considerable experience in dealing with all levels of PNG business, government, landowner communities and government agencies.

Mr Osikore has not held any other public company directorships in the past three years.

Mr Osikore is the Managing Director of the wholly owned PNG subsidiary, Pacific Niugini Minerals (PNG) Limited and is an executive director of Pacific Niugini Limited.

## **Resolution 3 - approval for additional 10% placement capacity**

### **3.1 General**

ASX Listing Rule 7.1A provides that an Eligible Entity may seek Shareholder approval to allow it to issue Equity Securities up to 10% of its issued capital over a period up to 12 months after the entity's annual general meeting (**10% Placement Capacity**). The 10% Placement Capacity is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

The Company is an Eligible Entity.

If Shareholders approve Resolution 3, the number of Equity Securities the Eligible Entity may issue under the 10% Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (as set out in Section 3.2 below).

The effect of Resolution 3 will be to allow the Directors to issue Equity Securities up to 10% of the Company's fully paid ordinary securities on issue under the 10% Placement Capacity during the period up to 12 months after the Meeting, without subsequent Shareholder approval and without using the Company's 15% annual placement capacity.

**Resolution 3 is a special resolution.** Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 3 for it to be passed.

### **3.2 ASX Listing Rule 7.1A**

ASX Listing Rule 7.1A came into effect on 1 August 2012 and enables an Eligible Entity to seek shareholder approval at its annual general meeting to issue Equity Securities in addition to those under the Eligible Entity's 15% annual placement capacity.

An Eligible Entity is one that, as at the date of the relevant annual general meeting:

- is not included in the S&P/ASX 300 Index; and
- has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

The Company is an Eligible Entity as it is not included in the S&P/ASX 300 Index and has a current market capitalisation of approximately \$21 million.

The Equity Securities must be in the same class as an existing class of quoted Equity Securities. The Company currently has only one class of quoted Equity Securities on issue, being the Shares.

The exact number of Equity Securities that the Company may issue under an approval under Listing Rule 7.1A will be calculated according to the following formula:

**(A x D) – E**

Where:

**A =** the number of fully paid ordinary securities (Shares) on issue 12 months before the date of issue or agreement:

- (a) plus the number of Shares issued in the previous 12 months under an exception in ASX Listing Rule 7.2;
- (b) plus the number of partly paid shares that became fully paid in the previous 12 months;
- (c) plus the number of Shares issued in the previous 12 months with approval of holders of Shares under listing rule 7.1 and 7.4;
- (d) less the number of Shares cancelled in the previous 12 months.

**D =** 10%.

**E =** the number of Equity Securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the 12 months before the issue date or date of agreement to issue that are not issued with the approval of holders of ordinary securities under ASX Listing Rule 7.1 or 7.4.

**3.3 Technical information required by ASX Listing Rule 7.1A**

Pursuant to and in accordance with ASX Listing Rule 7.3A, the information below is provided in relation to this Resolution 3:

**Minimum Price**

The minimum price at which the Equity Securities may be issued is 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 ASX trading days on which trades in that class were recorded immediately before:

- (a) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (b) if the Equity Securities are not issued within 5 ASX trading days of the date in paragraph 3.3(a), the date on which the Equity Securities are issued.

**Date of Issue**

The Equity Securities may be issued under the 10% Placement Capacity commencing on the date of the Annual General Meeting and expiring on the first to occur of the following:

- (a) 12 months after the date of the Annual General Meeting; and

- (b) the date of approval by Shareholders of any transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of the Company's activities) or 11.2 (disposal of the Company's main undertaking); or
- (c) such longer period if allowed by ASX (10% Placement Capacity Period).

### Risk of voting dilution

Any issue of Equity Securities under the 10% Placement Capacity will dilute the interests of Shareholders who do not receive any Equity Securities under the issue.

If Resolution 3 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 10% Placement Capacity, the economic and voting dilution of existing Shares would be as shown in the table below.

The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in ASX Listing Rule 7.1A(2), on the basis of the current market price of Shares and the current number of Equity Securities on issue as at the date of this Notice.

The table also shows the voting dilution impact where the number of Shares on issue (variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 10% Placement Capacity.

	Dilution			
Number of shares on Issue *	Number of Shares issued under 10% Placement Capacity	Funds Raised based on an issue price of \$0.03 (50% decrease in the current share price)	Funds Raised based on an issue price of \$0.06 (current share price)	Funds Raised based on an issue price of \$0.09 (50% Increase in the current share price)
288,963,139 (Current)	28,896,314	\$866,889	\$1,733,779	\$2,600,668
433,444,709 (50% Increase)	43,344,471	\$1,300,334	\$2,600,668	\$3,901,002
577,926,278 (100% Increase)	57,792,628	\$1,733,778	\$3,467,558	\$5,201,336

\*The number of Shares on issue (variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or script issued under a takeover offer) or that are issued with Shareholder approval under Listing Rule 7.1.

### The table above uses the following assumptions:

1. Resolution 3 is approved.
2. The current shares on issue are the Shares on issue as at 30 September 2014.
3. The issue price set out above is the closing price of the Shares on the ASX on 30 September 2014.
4. The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity.
5. The Company has not issued any Equity Securities in the 12 months prior to the Annual General Meeting that were not issued under an exception in ASX Listing Rule 7.2 or with approval under ASX Listing Rule 7.1.

6. The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
7. This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1.
8. Only shares will be issued under the 10% Placement Capacity and none of the Company's unquoted options or performance rights have been exercised.

Shareholders should note that there is a risk that:

- (a) the market price for the Company's Shares may be significantly lower on the issue date than on the date of the Annual General Meeting; and
- (b) the Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue.

#### **Purpose of Issue under 10% Placement Capacity**

The Company may issue Equity Securities under the 10% Placement Capacity for the following purposes:

- (a) as cash consideration, in which case the Company intends to use funds raised for the acquisition of new resources, assets and investments (including expenses associated with such an acquisition), continued exploration expenditure on the Company's current assets and general working capital ; or
- (b) as non-cash consideration for the acquisition of new resources assets and investments, in such circumstances the Company will provide a valuation of the non-cash consideration as required by listing Rule 7.1A.3.

#### **Allocation under the 10% Placement Capacity**

The allottees of the Equity Securities to be issued under the 10% Placement Capacity have not yet been determined. However, the allottees of Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company.

The Company will determine the allottees at the time of the issue under the 10% Placement Capacity, having regard to the following factors:

- (a) the purpose of the issue;
- (b) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;
- (c) the effect of the issue of the Equity Securities on the control of the Company;
- (d) the Company's circumstances, including, but not limited to, its financial position and solvency;
- (e) prevailing market conditions; and
- (f) advice from corporate, financial and broking advisers (if applicable).

### Previous Approval under ASX Listing Rule 7.1A

The Company previously obtained approval under ASX Listing Rule 7.1A at the Annual General Meeting held on 22 November 2013. No equity securities were issued in the 12 months preceding the date of this meeting and there were 251,284,667 equity securities on issue at the commencement of that 12 month period.

### Voting Exclusion

A voting exclusion statement is included in this Notice. As at the date of this Notice, the Company has not invited any existing Shareholder to participate in an issue of Equity Securities under ASX Listing Rule 7.1A. Therefore, no existing Shareholders will be excluded from voting on Resolution 3.

## Resolution 4 – Renewal of Long Term Incentive Plan

### Background

The Company adopted the Pacific Niugini Limited Long Term Incentive Plan (**Plan**) on 23 June 2011, pursuant to which the Board can issue securities or Performance Rights (**Performance Rights**) to Eligible Participants (**Eligible Participants**) (as those terms are defined under the Plan) in order to provide them with an incentive to deliver growth and value to all Shareholders. Eligible Participants are full time or part time employees or contractors of the Company, or its Related Body Corporate, (or their nominees), including the Directors, who are invited by the Board to participate.

### Purpose of Resolution

Listing Rule 7.1 provides that a company must not (subject to specified exceptions) without the approval of Shareholders, issue or agree to issue during any 12 month period equity securities or other securities with rights to conversion to equity (such as performance rights) if the number of those securities exceeds 15% of the number of ordinary securities on issue at the commencement of that 12 month period.

Listing Rule 7.2 Exception 9 operates as one of the exceptions to listing rule 7.1. The effect of Shareholder approval under Listing Rule 7.2 Exception 9 is that any issues of securities under the Plan are treated as having been made with the approval of Shareholders for the purposes of Listing Rule 7.1. Approval under listing rule 7.2 Exception 9 lasts for 3 years.

Resolution 4 seeks therefore Shareholder approval to renew the Plan, as required every 3 years under ASX Listing Rule 7.2 Exception 9. . If approval is given, securities issued under the Plan will be exempt from counting towards the 15% of the issued capital of the Company which may be issued in any 12 month period without requiring Shareholder approval in advance under ASX Listing Rule 7.1. Shareholder approval will therefore allow the Company to retain maximum flexibility in relation to use of that 15% capacity. Accordingly, the Company is seeking to "refresh" the approval of the Plan and the Company's ability to issue securities or Performance Rights under the Plan for a further 3 years.

### Specific Information required under Listing Rule 7.2

In accordance with the requirements of ASX Listing Rule 7.2 Exception 9(b) the following information is provided:

- (a) a copy of the rules of the Plan is contained in **Annexure A** of this and a summary of the Plan is set out below;
- (b) At the date of this notice, the following options and performance rights have been issued under the Plan since its inception in 2011:

### Options/Rights now expired or cancelled

Date of options/rights granted	Expiry Date	Exercise Price	Number of unlisted Options	Number of unlisted Performance Rights
23/6/2011	23/6/2014	\$0.38	2,000,000	-
23/6/2011	23/6/2014	-	-	2,000,000
30/11/2011	30/11/2014	\$0.48	800,000	-
23/1/2012	30/11/2014	\$0.48	100,000	-
30/11/2011	30/11/2012	-	-	300,000
30/11/2011	30/11/2013	-	-	200,000
8/3/2013	7/3/2016	\$0.17	300,000	-
31/5/2013	30/5/2016	\$0.185	650,000	-
31/5/2013	30/5/2016	-	-	1,350,000
			<b>3,850,000</b>	<b>3,850,000</b>

### Current Options/Rights

Date of options/rights granted	Expiry Date	Exercise Price	Number of unlisted Options	Number of unlisted Performance Rights
22/11/2013	21/11/2016	\$0.09	2,000,000	-
22/11/2013	21/11/2016	Nil	-	2,000,000
08/03/2013	07/03/2016	\$0.17	150,000	-
31/05/2013	30/05/2016	\$0.185	500,000	-
			<b>2,650,000</b>	<b>2,000,000</b>

(c) a voting exclusion statement has been included for the purposes of Resolution 4.

### Summary of the Plan

The Company has introduced the Plan for the purpose of providing Eligible Participants an opportunity to participate in the future growth and profitability of the Company and thereby provide an additional incentive to work to improve the performance of the Company. An added objective of the Plan is to assist in attracting and retaining personnel essential for the continued growth and development of the Company, promoting and fostering loyalty and support amongst Company personnel for the benefit of the Company and enhancing the relationship between the Company and Eligible Participants for the long term mutual benefit of all parties.

Carefully designed, performance linked equity plans are widely considered to be very effective in providing long term incentive to staff,

Prior shareholder approval will be required before any Director or related party of a Director can participate in the Plan. No approval is currently sought for a specific issue of securities under the Plan.

### Summary of the Pacific Niugini Limited Long Term Incentive Plan Rules:

- The Plan provides for the issue of rights to acquire shares. These rights are of two broad types, either "Options" or "Performance Rights".
- The objective of the Plan is to reward the efforts of and provide incentives for employees, contractors and Directors of the Company and its related bodies corporate by enabling Eligible Participants to participate in the future growth and profitability of the Company and to attract and retain a high standard of managerial and technical personnel for the benefit of the Company.

- Eligible Participants include Directors, contractors and employees of the Company (or a related body corporate), whether full or part time.
- The Board will determine which Eligible Participants are to be offered Options and/or Performance Rights under the Plan having regard to criteria to be determined by the Board.
- The Board will determine how many Options or Performance Rights are to be offered in each instance and the material terms and conditions of such Options or Performance Rights, including (subject to the ASX Listing Rules) performance hurdles or vesting conditions (as appropriate).
- The number of Options and Performance Rights on issue under the Plan or a previous plan when aggregated with shares issued in the previous 5 years under the Plan or a previous plan will not exceed 5% of the issued shares in the Company (assuming all Options and Performance Rights were exercised). This 5% limit does not apply to offers made outside Australia or made under section 708 of the Corporations Act or made under the disclosure document or made under certain exemptions under previous Corporations laws.

***Terms Applicable to Options***

- The Expiry Date for an Option will be 2 years after the later of the Issue Date or the Vesting Date (if later) or such other time as the Board may specify in the offer for such Option.
- The Vesting Date for Options is 3 years after the Issue Date or such other date determined by the Board.
- Options may generally only be exercised during the period commencing on the later of the Vesting Date, the last of any Exercise Conditions or other Forfeiture Conditions is satisfied (or waived by the Board) and the Expiry Date.
- The Exercise Price for Options issued under the Plan will be set by the Board at the time the Options are offered.
- Options will be issued for an issue price no more than 1 cent per Option unless the Board determines otherwise.

***Terms Applicable to Performance Rights***

- The Expiry Date for a Performance Right will be 2 years after the Issue Date or the Vesting Date (if later) or such other time as the Board may specify in the offer for such Performance Rights.
- The Vesting Date for Performance Rights will be three years from the date of issue or such other date as the Board may specify in the offer of such Performance Rights.
- Performance Rights will only be exercisable between the Vesting Date (or such later date on which any Vesting Conditions or other Forfeiture Conditions are satisfied or waived by the Company) and the Expiry Date.
- The Exercise Price for a Performance Right will be nil unless the Board otherwise determines prior to the offer of the Performance Right.
- Performance Rights will be issued at an issue price no more than 1 cent per Performance Right unless the Board determines otherwise.

***Terms Applicable to both Options and Performance Rights***

- The Board may impose Forfeiture Conditions which if not satisfied or waived will cause the Options or Performance Rights to be cancelled.
- Options or Performance Rights may become exercisable earlier in the event of certain special circumstances, including change of control, takeovers and other events.
- The Options and Performance Rights will not be listed for quotation on the ASX and will not be transferable except with the consent of the Company.

- The Company will make application for quotation on ASX of shares issued pursuant to exercise of the Options or Performance Rights.
- If an Eligible Participant ceases to be an Eligible Participant during a “Restricted Period” as defined in the Plan as a result of resigning or being removed for cause, then generally the Options or Performance Rights issued to the Eligible Participant will lapse.
- If an Eligible Participant voluntarily resigns after Options have become exercisable, the Board may permit the Options to be exercised within a month of resignation or such longer period as the Board determines.
- Special provision is made for Options and Performance Rights to continue for a period of one year and not lapse in the event of special circumstances such as the death, permanent disability, retirement or redundancy of a Participant.

## **Resolution 5 - Ratification of the Issues of Shares**

On 10 February 2014, the Company announced that Bulletin Resources Limited (**Bulletin**) had accepted the Company's offer to acquire a 49% interest in the Hall's Creek gold project. The material terms of the acquisition were that the Company would pay Bulletin \$600,000 in cash as a deposit and at settlement, \$900,000 cash and \$1,300,000 worth of Shares in the Company, in consideration for the 49% interest. Settlement occurred on 10 April 2014.

This resolution relates to the scrip consideration issued by the Company to Bulletin on settlement of the Company's acquisition of the 49% interest in the Halls Creek project.

An issue of Shares made without specific approval under ASX Listing Rule 7.1 is treated as having been made with such approval if the original issue did not breach ASX Listing Rule 7.1 and is subsequently approved by ordinary Shareholders pursuant to the provisions of Listing Rule 7.4.

The original issue of Shares on acquisition of the Company's interest in the Halls Creek project did not breach ASX Listing Rule 7.1 and Shareholder approval is now sought pursuant to ASX Listing Rule 7.4 to refresh the Company's 15% equity placement limit under Listing Rule 7.1.

Pursuant to the provisions of ASX Listing Rule 7.5, the following information is supplied to Shareholders in respect of this Resolution 5:

(a) **Number of Shares issued:**

17,678,472 Shares

(b) **Price at which the Shares were issued:**

\$0.07354 per Share

(c) **Terms of the Shares:**

The Shares rank equally with all the other Shares on issue.

(d) **Names of persons to whom the Shares were issued**

Bulletin Resources Limited

(e) **Use of the funds:**

No funds were raised as a result of the issue, as the Shares were issued in part consideration for the Company's acquisition of a 49% interest in the Hall's Creek project.

(f) **Date of Allotment:**

10 April 2014

## Resolution 6 - Ratification of the Issues of Shares

On 27 May 2014 the Company announced its intention to conduct a placement of 45 million shares at an issue price of \$0.052 per Share to raise \$2.34 million. On 3 June 2014, the Company completed a placement to sophisticated and other investors exempt from disclosure under section 708 of the Corporations Act, of 20 million Shares at an issue price of \$0.052 per Share.

The issue did not breach ASX Listing Rule 7.1 and Shareholder approval is now sought pursuant to ASX Listing Rule 7.4 to refresh the Company's 15% equity placement limit under Listing Rule 7.1.

Pursuant to the provisions of ASX Listing Rule 7.5, the following information is supplied to Shareholders in respect of this Resolution 6:

(a) **Number of Shares issued:**

20,000,000 Shares

(b) **Price at which the Shares were issued:**

\$0.052 per Share

(c) **Terms of the Shares:**

The Shares rank equally with all the other Shares on issue.

(d) **Names of persons to whom the Shares were issued**

Investors introduced by Merchant Capital Markets, Perth, who acted as book-runner to the placement.

(e) **Use of the funds:**

Working capital.

(f) **Date of Allotment:**

3 June 2014

## Resolution 7 – Change of Auditor

As a result of the relocation of the Company from Brisbane to Perth, BDO Audit Pty Ltd, Brisbane (the entity currently appointed as auditor of the company) needs to resign as auditor effective from the date of the Annual general Meeting (AGM). Somes Cooke (an authorised audit company) needs to be approved for appointment as the replacement auditor at the AGM. A copy of the notice of nomination of Somes Cooke, in accordance with section 328B of the Corporations Act, as auditor is attached. Somes Cooke has consented to the appointment, and as at the date of this Notice, has not withdrawn the consent.

BDO Audit Pty Ltd has advised the Company that it has applied to the Australian Securities and Investments Commission (**ASIC**) for consent to resign as auditor of the Company with effect from the close of the Meeting. If ASIC does not consent to the resignation, BDO Audit Pty Ltd will continue to hold the office of the Company auditor.

Subject to the consent of ASIC, and Shareholder approval, Somes Cooke will be appointed as auditor of the Company effective from the close of Meeting.

## Glossary

In this Explanatory Memorandum and the Notice, the following terms have the following meanings unless the context otherwise requires:

<b>ASX</b>	ASX Limited ABN 98 008 624 691 and, where the context permits, the Australian Securities Exchange operated by ASX Limited.
<b>Board</b>	the board of Directors of the Company.
<b>Company</b>	Pacific Niugini Limited ACN 003 207 467.
<b>Constitution</b>	the constitution of the Company.
<b>Corporations Act</b>	Corporations Act 2001 (Cth).
<b>Director</b>	a director of the Company.
<b>Eligible Entity</b>	is defined in the ASX Listing Rules.
<b>Equity Security</b>	is defined in the ASX Listing Rules.
<b>Exercise Conditions</b>	is defined in the Long Term Incentive Plan Rules
<b>Explanatory Memorandum</b>	the information accompanying this Notice of Meeting, which provides information to Shareholders about the Resolutions contained in the Notice.
<b>Forfeiture Conditions</b>	is defined in the Long Term Incentive Plan Rules.
<b>Listing Rules or ASX Listing Rules</b>	the listing rules of the ASX and any other rules of the ASX which are applicable while the entity is admitted to the Official List of the ASX, each as amended or replaced from time to time, except to the extent of any express written waiver by the ASX.
<b>Meeting</b>	the annual general meeting the subject of the Notice.
<b>Notice or Notice of Meeting</b>	the Notice of Annual General Meeting accompanying this Explanatory Memorandum.
<b>Option</b>	an option to acquire a Share.
<b>Resolution</b>	a resolution contained in the Notice.
<b>Share</b>	a fully paid ordinary share in the capital of the Company.
<b>Shareholder</b>	a holder of Shares in the capital of the Company.
<b>Share Registry</b>	Computershare Investor Services Pty Limited
<b>Vesting Date</b>	is defined in the Long Term Incentive Plan Rules

# Appointment of Corporate Representative

## Section 250D of the Corporations Act

This is to certify that by a resolution of the Directors of:

.....(Company)  
*Insert name of shareholder*

the Company has appointed:

.....  
*Insert name of Corporation Representative*

in accordance with the provisions of section 250D of the Corporations Act, to act as the body corporate representative of that company at the meeting of Pacific Niugini Limited to be held on 25 November 2014 and at any adjournments of that meeting.

### DATED

**Executed by** the Company )

in accordance with its constituent documents )

.....  
Signed by authorised representative

.....  
Signed by authorised representative

.....  
Name of authorised representative (print)

.....  
Name of authorised representative (print)

.....  
Position of authorised representative (print)

.....  
Position of authorised representative (print)

---

### INSTRUCTIONS FOR COMPLETION

Under Australian law, an appointment of a body corporate representative will only be valid if the Certificate of Appointment is completed precisely and accurately.

Please follow the instructions below to complete the Certificate of Appointment:

1. Execute the Certificate following the procedure required by your Constitution or other constituent documents.
2. Print the name and position (eg director) of each company officer who signs this Certificate on behalf of the company.
3. Insert the date of execution where indicated.
4. Send or deliver the Certificate to the Company at P.O. Box 1353 West Perth WA 6872, or Level 3, 18-32 Parliament Place, West Perth, WA 6005, or by facsimile to the registered office on 08 9220 5757. Alternatively the Certificate of Appointment may be presented upon attendance at the General Meeting of the Company.

*Copy of Notice of Nomination of Auditor (Resolution 7)*

## **LOVELL & CO SUPERANNUATION FUND**

**ABN 98 468 176 079**

**P.O. Box 681 Indooroopilly  
Queensland 4068**

**Tel: (07)3720 8011  
Fax: (07)3371 1115**

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17 October 2014.

The Secretary  
Pacific Niugini Ltd  
C/- P O Box 1578  
Toowong Qld 4066

Dear Sir,

The undersigned, being a member of Pacific Niugini Ltd, hereby nominates Somes Cooke, Perth for appointment as auditor of the company at the forthcoming annual general meeting.

Yours faithfully,

D J Lovell - Trustee

**Annexure A**

**Long Term Incentive Plan Rules**

**Pacific Niugini Ltd ACN 003 207 467**

# Rules of Pacific Niugini Ltd Long Term Incentive Plan

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# Rules of the Pacific Niugini Ltd Long Term Incentive Plan

## 1. Introduction

- 1.1 This document sets out the Rules of the “Pacific Niugini Ltd Long Term Incentive Plan” (**Plan**).
- 1.2 There are legal and tax consequences associated with participation in the Plan. Eligible Participants should ensure that they understand these consequences before accepting an invitation to participate in the Plan.

## 2. Objectives

- 2.1 The objectives of the Plan are to:
- (a) establish a method by which Eligible Participants can participate in the future growth and profitability of Pacific Niugini Ltd ( the Company);
  - (b) provide an incentive and reward for Eligible Participants for their contributions to the Company; and
  - (c) attract and retain a high standard of managerial and technical personnel for the benefit of the Company.

## 3. Definitions and interpretation

### 3.1 Definitions

In these Rules:

**Application** means an application for Options or Performance Rights in such form as the Board may from time to time determine, by which an Offer may be accepted.

**Application Date** means the date on which an Application is lodged with the Company by an Eligible Participant or his or her nominee in accordance with the requirements of these Rules.

**ASIC** means the Australian Securities & Investments Commission.

**ASX** means ASX Limited ACN 008 624 691 or the Australian Securities Exchange as the context requires.

**Board** means the board of Directors of the Company from time to time.

**Business Day** has the meaning given to it in the Listing Rules.

**Change of Control Event** means a person, or a group of associated persons, becoming entitled to sufficient Shares to give that person or persons the ability, in general meeting, to replace all or a majority of the Board.

**Class Order** means ASIC Class Order 03/184 or any subsequent class order made or approved by ASIC in substitution of Class Order 03/184.

**Company** means Pacific Niugini Ltd ACN 003 207 467.

**Constitution** means the constitution of the Company, as amended from time to time.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Director** means a director of the Company.

**Eligible Participant** means a person who is a full time or part-time employee or director or officer of the Company or a Related Body Corporate of the Company, other than any such person who has

given notice of resignation, or who has been given notice of termination, of his or her employment, or removed from his or her position.

**Exercise Condition** means a condition (excluding a Vesting Condition) relating to an Option or Performance Right which must be satisfied or waived before the Option or Performance Right may be exercised.

**Exercise Period** means:

- (a) in relation to an Option, the period from the end of the Restricted Period to the Expiry Date; and
- (b) in relation to a Performance Right, the period from the Vesting Date to the date two years after the Vesting Date or such other period as determined by the Board.

**Exercise Price** means:

- (a) in relation to an Option, an amount determined by the Board as the subscription price per Share prior to the offer of the Option in accordance with paragraph 1 of schedule 1 payable by a Participant on exercise of the Option; and
- (b) in relation to a Performance Right, a nil amount unless otherwise determined by the Board as the subscription price per Share prior to the offer of the Performance Right in accordance with paragraph 1 of Schedule 2 payable by a Participant on exercise of the Performance Right.

**Expiry Date** means 5.00pm Brisbane Time on the day which is 2 years after the Issue Date or Vesting Date (if later) or such other time specified in an Offer as determined by the Board in its absolute discretion.

**Forfeiture Conditions** means conditions of the kind referred to in clause 9 of the Plan.

**Group Company** means the Company and any Related Body Corporate of the Company.

**Holder** means the registered holder of Options or Performance Rights.

**Issue Date** means the date on which the Company issues the Option or Performance Right.

**Listing Rules** means the Listing Rules of ASX, and any other rules of ASX which are applicable to the Company while the Company is admitted to the official list of ASX, each as amended from time to time, except to the extent of any express waiver by ASX.

**Nominal Consideration** means consideration of not more than 1 cent per Option or Performance Right.

**Offer** means the offer of Options or Performance Rights made substantially in accordance with paragraph 1 of Schedule 1 or paragraph 1 of Schedule 2 and on the terms set out in these Rules with such adjustments as the Board may consider relevant having regard to any Class Order or the requirements of the Listing Rules or the individual circumstances of an Offer.

**Option** means a right, other than a Performance Right, to subscribe for or otherwise acquire a Share on the terms set out in these Rules.

**Option Exercise Notice** means a notice for the exercise of Options in accordance with the Rules in such form as the Board may from time to time prescribe.

**Participant** means an Eligible Participant to whom Options or Performance Rights have been validly granted (either directly or to a nominee) under the Plan.

**Performance Hurdle** means performance hurdles as determined by the Board and specified in the Offer of Performance Rights.

**Performance Right** means a right to subscribe for or otherwise acquire a Share on the terms set out in these Rules.

**Performance Right Exercise Notice** means a notice for the exercise of Performance Rights in accordance with the Rules in such form as the Board may from time to time prescribe.

**Permanent Disablement** means:

- (a) the illness or incapacity of the Eligible Participant necessitating the permanent withdrawal of the Eligible Participant from the work force, as accepted to the satisfaction of the Board; or
- (b) any other circumstances which the Board considers should be treated as Permanent Disablement for the purposes of the Plan.

**Plan** means the Pacific Niugini Ltd Long Term Incentive Plan established in accordance with these Rules.

**Related Body Corporate** has the same meaning as given to that term in the Corporations Act.

**Restricted Period** means

- (a) in relation to Options, the meaning given to that term in paragraph 5.1 of Schedule 1; and
- (b) in relation to Performance Rights, the period of time between the Issue Date and the later of the Vesting Date and the date the last of any Vesting Conditions, Exercise Conditions or Forfeiture Conditions are satisfied or waived by the Board.

**Rules** means the rules of the Plan as set out in this document as amended from time to time.

**Share** means a fully paid ordinary share in the Company.

**Shareholder** means a holder of a Share.

**Takeover Period** in relation to a takeover bid in respect of Shares, means the offer period as defined in section 624 of the Corporations Act.

**Vesting Conditions** means such conditions as determined by the Board which must be satisfied before a Performance Right can be exercised, and may include Performance Hurdles.

**Vesting Date** means 5.00pm Brisbane Time on the day which is 3 years after the Issue Date or such other date as determined by the Board and specified in an Offer.

## 3.2 Interpretation

In these Rules:

- (a) headings are for convenience only and do not affect the interpretation of the Plan; and unless expressed to the contrary;
- (b) any reference in the Plan to any enactment includes a reference to that enactment as from time to time amended, consolidated, re-enacted or replaced and to all regulations or instruments issued under it;
- (c) any words denoting the singular include the plural and words denoting the plural include the singular;
- (d) any words denoting one gender include the other gender;
- (e) where any word or phrase is given a definite meaning in the Plan, any part of the speech or other grammatical form of that word or phrase has a corresponding meaning;

- (f) a reference to a power, right or discretion being exercisable by the Board is taken to be a reference to that power, right or discretion being exercisable by a delegate of the Board;
- (g) a reference to an application to participate in the Plan includes any process implemented by the Board to provide for deemed applications; and
- (h) a reference to:
  - (i) a person includes a firm, unincorporated association, corporation and a government or statutory body or authority;
  - (ii) a person includes its legal personal representatives, successors and assigns;
  - (iii) a statute, ordinance, code or other law includes regulations and other statutory instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
  - (iv) a right includes a benefit, remedy, discretion, authority or power;
  - (v) an obligation includes a warranty or representation and a reference to a failure to observe or perform an obligation includes a breach of warranty or representative;
  - (vi) **\$ or dollars** is a reference to the lawful currency of Australia;
  - (vii) this or any other document includes the document as varied or replaced and notwithstanding any change in the identity of the parties; and
  - (viii) anything (including, without limitation, any amount) is a reference to the whole or any part of it and a reference to a group of things or persons is a reference to any one or more of them.
- (i) Unless the context otherwise requires any word or phrase used in these Rules which is not defined above, but which is defined in the Listing Rules has the same meaning as defined in the Listing Rules.
- (j) A reference to the Listing Rules has effect only if the Company is admitted to the official list of ASX, and is otherwise to be disregarded (save where any term is defined by reference to the meaning given to it in the Listing Rules).

#### **4. The Plan**

- 4.1 There shall be set aside for the purposes of the Plan such number of Options and Performance Rights as the Board may from time to time determine.
- 4.2 The Board will administer the Plan.
- 4.3 For so long as the Company is admitted to the official list of ASX, Options and Performance Rights may not be offered to a Director or his or her associates except where approval is given by the shareholders of the Company in general meeting in accordance with the requirements of the Listing Rules and where required the Corporations Act.
- 4.4 Participation in the Plan is subject to the Rules.
- 4.5 The provisions of:
  - (a) Schedule 1 apply to the extent the Company makes a Participant an Offer of Options (subject to the power of the Board to vary or supplement Schedule 1 in relation to any Offer); and
  - (b) Schedule 2 apply to the extent the Company makes a Participant an Offer of Performance Rights (subject to the power of the Board to vary or supplement Schedule 1 in relation to any Offer).

## **5. Eligibility to participate**

- 5.1 The Board may in its absolute discretion determine criteria to apply to an Eligible Participant for participation in the Plan including, without limitation, a minimum period of service.
- 5.2 Subject to Rule 4.3 in respect of the participation of Directors, Eligible Participants are eligible to participate in the Plan.
- 5.3 Eligibility to participate in the Plan does not confer a right to participate in the Plan. Participation in the Plan will be solely determined by the Board in accordance with these Rules.
- 5.4 Options and Performance Rights may be granted to Eligible Participants or their nominees as approved by the Board from time to time.
- 5.5 The Board may in its discretion determine the number of Options or Performance Rights to be offered to an Eligible Participant and the Board may, subject to these Rules, determine the terms and conditions applicable to such Options or Performance Rights.

## **6. Cessation of employment of Participant**

- 6.1 Subject to Rule 6.3, Options and Performance Rights will automatically lapse and be forfeited if during the Restricted Period the Participant to whom the Options or Performance Rights were first offered and subsequently granted (whether directly or to a nominee of such Participant):
  - (a) voluntarily resigns from employment with the Company other than to take up employment with a Related Body Corporate of the Company;
  - (b) is dismissed from employment or is removed from his or her position with the Company for any one or more of the following reasons:
    - (i) wilful misconduct bringing disrepute on the Company or a Related Body Corporate;
    - (ii) repeated disobedience;
    - (iii) incompetence in the performance of any duties for which the Eligible Participant was employed;
    - (iv) fraud or any other dishonesty in respect of the property or affairs of the Company or a Related Body Corporate; or
    - (v) any other reason, based on which the Board believe is fair and reasonable to warrant the lapsing and forfeiture of the Options or Performance Rights;
  - (c) Performance Hurdle(s) are not satisfied in full, in which case a proportion of Performance Rights may be forfeited, such proportion to be at the absolute discretion of the Board; or
  - (d) Performance Hurdle(s) are not satisfied to a minimum threshold, in which case all Performance Rights will be forfeited.
- 6.2 The Board may in its absolute discretion determine that the Options granted to a Participant (or a nominee thereof) who voluntarily resigns from employment with a Group Company (other than to take up employment with another Group Company) at any time after an Option has become exercisable, may be exercised by the Participant within:
  - (a) 1 month after such resignation; or
  - (b) such longer periods as the Board determines,

and any Options the subject of this clause not exercised within the 1 month or longer period determined by the Board, will automatically lapse and be forfeited.

- 6.3 Options and Performance Rights that are subject to a Restricted Period and Options that are exercisable will not lapse and be forfeited if the Participant ceases employment or is removed from his or her position with the Company in the following circumstances:
- (a) death of the Participant;
  - (b) total permanent disability of the Participant, such that the Participant is incapable of performing his or her duties due to a form of illness, injury or other disablement, as determined by the Board;
  - (c) retirement;
  - (d) redundancy; or
  - (e) any other reason, based on which the Board believe is fair and reasonable to warrant the Eligible Participant or nominee maintaining his/her right to exercise the Options or Performance Rights.
- 6.4 Should a Participant, in the opinion of the Board, satisfy the requirements of Rule 6.3 the Participant or nominee will have a period of one (1) year to exercise the Options and/or Performance Rights from the date the Company receives notice or determines the existence of the specified event (as the case may be) and acknowledges in writing that such event satisfies the requirements of Rule 6.3.

## **7. Dividends and voting rights**

Holders of Options or Performance Rights have no rights to vote at meetings of the Company or receive dividends until Shares are allotted or acquired on the exercise of Options or Performance Rights pursuant to the Rules.

## **8. Maximum number of Options and Performance Rights**

- 8.1 The Board must not offer or grant Options or Performance Rights to any Eligible Participant under the Plan if, immediately following the grant of the Options or Performance Rights the subject of the Offer, the total number of Shares to which the Options or Performance Rights to be granted under the Offer relate, when aggregated with:
- (a) the total number of Shares which are the subject of any outstanding Offers of Options and Performance Rights;
  - (b) the number of Shares which would be issued if each outstanding Option and Performance Right or other outstanding rights or options or other outstanding entitlements to Shares issued under any other employee or director share or option scheme operated by the Company were to be exercised, ignoring any Vesting Conditions; and
  - (c) the number of Shares issued during the previous five (5) years pursuant to the Plan or any other employee or director share or option plan operated by the Company,
- would exceed five per cent (5%) of the total number of issued Shares in the Company as at the time of the Offer.
- 8.2 For the purposes of Rule 8, any Shares, Options, Performance Rights or options offered in the following circumstances may be disregarded:
- (a) an offer made to a person situated outside Australia at the time of receipt of the Offer;
  - (b) an offer that did not need disclosure to investors because of section 708 of the Corporations Act;
  - (c) an offer made pursuant to a disclosure document (as defined in the Corporations Act); or
- an offer that was an excluded offer or invitation within the meaning of the Corporations Act as in force before the commencement of Schedule 1 of the *Corporate Law Economic Reform Program Act 1999* (Cth).

## **9. Forfeiture Conditions**

- 9.1 The Board may when the Options or Performance Rights are offered determine that the Options or Performance Rights issued will be subject to Forfeiture Conditions.
- 9.2 Options or Performance Rights which are subject to the Forfeiture Conditions are liable to be forfeited by the Company if any of the Forfeiture Conditions are not satisfied. An Option or Performance Right which is forfeited by the Company will be cancelled and will not thereafter be capable of being exercised by the Holder.
- 9.3 Any Options or Performance Rights which are subject to Forfeiture Conditions cannot be exercised until such time as the Forfeiture Conditions have been satisfied or waived.
- 9.4 Forfeiture Conditions will comprise those conditions described as such by the Board and set out in an Offer (or in a document accompanying an Offer).
- 9.5 Without limiting the Board's power to impose Forfeiture Conditions, Forfeiture Conditions may include:
- (a) A condition that the Eligible Participant remain as an employee or director (as the case may be) of the Company or its related body corporate for a stipulated minimum period;
  - (b) A condition that any stipulated performance criterion be satisfied by the Eligible Participant;
  - (c) A condition that certain specified milestones in connection with the development or operation of any mineral or other project of the Company or related body corporate are completed within a specified time or in a specified manner;
  - (d) A condition that the market price of the Company's ordinary shares attain a specified price (or remain at a specified price for a specified number of days) within a specified period.
- 9.6 Any Forfeiture Conditions imposed by the Board may subsequently be waived in whole or in part by the Company by notice in writing to the Holder of the relevant Options or Performance Rights. Any Forfeiture Conditions so waived will be deemed to be satisfied. For the avoidance of doubt Forfeiture Conditions may be waived after a Participant has ceased to be an Eligible Participant in which case the waiver will be deemed to have occurred while the Participant remained an Eligible Participant.
- 9.7 Subject to the Listing Rules the Company may also vary any Forfeiture Conditions by notice in writing to the Holder of the relevant Options or Performance Rights provided such variation is not adverse to the Participant holding the relevant Options or Performance Rights.
- 9.8 For the avoidance of doubt, a Performance Hurdle, Exercise Condition and a Vesting Condition will generally constitute a Forfeiture Condition unless the terms of such Performance Hurdle, Exercise Condition or Vesting Condition, as the case may be, indicate a contrary intention.
- 9.9 Options and Performance Rights may also be liable to forfeiture in the circumstance on such to the terms and conditions set out in clause 6 of this Plan.

## **10. Taxation**

Neither the Company nor its directors, officers, employees, representatives or agents take any responsibility or assume any liability for the taxation liabilities of Participants that arise in respect of the issue or exercise of Options and Performance Rights.

## **11. Listing Rules**

The terms and conditions of the Plan must at all times comply with the Listing Rules. If there is any inconsistency between the terms and conditions of the Plan and the Listing Rules then the Listing Rules will prevail.

## **12. Administration of the Plan**

### **12.1 Board powers**

The Plan will be administered by the Board who shall have the power and absolute discretion to:

- (a) determine the appropriate procedures from time to time for the administration of the Plan, including the form of application and other forms and notices to be issued under the Plan, subject to the Rules;
- (b) subject to Rules 6.2, 11, 12.2 and 14, amend, modify or waive any or all of the Rules (including this Rule), or any restriction or other condition relating to any Options or Performance Rights allocated under the Plan;
- (c) resolve conclusively all questions of fact or interpretation concerning the Plan and the applicable Rules and any dispute of any kind that arises under the Plan, including as to the interpretation or application of the Plan or any restrictions or other conditions relating to any Options or Performance Rights allocated under the Plan, and the decision of the Board is final and binding on the Company and the Participants;
- (d) delegate to any one or more persons for such period and on such conditions as the Board may determine the exercise of any of the Board's powers or discretions under the Plan; and
- (e) waive any breach of a provision of the Plan.

### **12.2 Limitation on amendments**

Subject to the applicable Rules, without the consent of the Participant, no amendment may be made to any restriction or other condition relating to any Options or Performance Rights allocated under the Plan, which reduces the rights of Participants to those Options or Performance Rights, other than an amendment made primarily to:

- (a) comply with present or future State or Commonwealth legislation;
- (b) correct any manifest error; or
- (c) take into consideration possible adverse tax implications in respect of the Plan arising from, among other things:
  - (i) adverse rulings from the Commissioner of Taxation;
  - (ii) changes to Australian tax legislation (including an official announcement by the Commonwealth of Australia); or
  - (iii) changes in the interpretation of Australian tax legislation by a court or tribunal of competent jurisdiction.

### **12.3 Board's discretion**

The Board has absolute and unfettered discretion:

- (a) to act or refrain from acting under the applicable Rules or concerning the Plan or any Options or Performance Rights allocated under the Plan; and
- (b) in exercising any power or discretion concerning the Plan or any Options or Performance Rights allocated under the Plan,

except that while the Company is listed on the official list of the ASX, the Board may only exercise its powers in accordance with the Listing Rules of the ASX.

## 12.4 Indemnification

The Company must indemnify, and keep indemnified, to the full extent permitted by law, each person who is or has been a director or alternate director of the Company against all proceedings, actions, claims, demands, losses, liabilities, damages, costs and expenses which may be made, brought against, suffered or incurred by the person arising directly or indirectly out of or in connection with the operation of the Plan.

## 13. Restriction on exercise of Options and Performance Rights

No Option or Performance Right given under this Plan may be exercised unless the underlying Shares pertaining to that Option or Performance Right have been listed on ASX for a period of 3 months immediately before the date of the Offer without suspension for more than a total of five trading days during that period such that the Company is following issue of the Shares on exercise of the Option or Performance Right eligible to issue a cleansing notice under Sections 708A(5) of the Corporations Act.

## 14. Termination, suspension and amendment of the Plan

Subject to any applicable Listing Rules or laws, the Plan will take effect when the Board decides and may be suspended, terminated or amended at any time by resolution of the Board.

## 15. Costs, charges and duties

The Company:

- (a) is not responsible for any costs, charges or duties which are or may become payable on the transfer, allotment and issue of Options or Performance Rights under the Plan or any other dealing with the Options or Performance Rights; and
- (b) may make any withholding or payment which it is required by law to make in connection with the Plan or the Options or Performance Rights.

## 16. Terms of employment not affected

- 16.1 The rights and obligations of a Participant under the terms of his or her office, employment or contract with a Group Company are not affected by his or her participation in the Plan.
- 16.2 The applicable Rules do not form part of, and will not be incorporated into, any contract of a Participant (whether or not they are an employee of a Group Company).
- 16.3 No Participant has any right to compensation or damages as a result of the termination of his or her office, employment or other contract with a Group Company for any reason, so far as those rights arise or may arise from the Participant ceasing to have rights under the Plan as a result of the termination.
- 16.4 The Company makes no representation or guarantee as to the ongoing value of Options or Performance Rights which a Participant acquires under the Plan. No Participant has any right to compensation or damages as a result of any decrease in value of Options or Performance Rights which the Participant acquires under the Plan.

## 17. Notices

- 17.1 A notice or other communication under or concerning the Plan is validly given:
  - (a) by the Company to a Participant, if delivered personally to the addressee or sent by prepaid post to his or her last known residential address, or sent to him or her by facsimile or email at his or her place of work or posted on an electronic noticeboard maintained by the Company and accessible by the Participant; and
  - (b) by a Participant to the Company if delivered or sent by prepaid post addressed to, as appropriate, the company secretary of the Company at the Company's registered office (or any other address the Board specifies).

17.2 A notice or other communication sent by post will be treated as received 48 hours after it was posted.

## **18. Miscellaneous**

18.1 No broker's fees or commissions are payable by an Eligible Participant for the grant of Options or Performance Rights pursuant to this Plan.

18.2 Participants (or nominees thereof) granted Options or Performance Rights under this Plan are bound by these Rules and the Constitution.

18.3 No Participant or Holder has or is to be regarded for any purpose as having any interest in Shares the subject of an Option or Performance Right until that Option or Performance Right is exercised and the Share is allotted.

18.4 The Company will establish and maintain a register of Participants.

18.5 Neither the adoption of the Plan by the Board nor any provisions of these Rules will be construed as creating any limitation on the power of the Board to adopt such additional remuneration arrangements as it may deem desirable, including without limitation, the granting of share options and bonuses otherwise than under the Plan, and any such arrangements may be either generally applicable or applicable only in specific cases.

18.6 All Options and Performance Rights lapse on liquidation of the Company.

## **19. Governing law**

The Plan and these Rules are governed by the laws of Queensland and the Commonwealth of Australia.

## **20. Severance**

If any provision in the Rules is void, voidable by any party or illegal, it shall be read down so as to be valid and enforceable or, if it cannot be so read down, the provision (or where possible, the offending words) shall be severed from the Rules without thereby affecting the validity, legality or enforceability of the remaining provisions (or parts of those provisions) of the Rules which shall continue in full force and effect.

# Schedule 1 Options

## 1. Offer of Options

- 1.1 The Company may from time to time make Offers in writing to Eligible Participants inviting them to accept an offer of Options under the Plan.
- 1.2 No Offer may be made if to do so would contravene the Constitution, the Corporations Act, the Listing Rules or any other applicable law.
- 1.3 Each Offer must be in writing and must:
- (a) specify the name of the Eligible Participant to whom the Offer is made;
  - (b) specify the total number of Options (and the number of Shares to which the Options relate) being offered;
  - (c) specify such terms and conditions of the issue of the Options the subject of the Offer, as determined by the Board, including:
    - (i) the Expiry Date;
    - (ii) any Forfeiture Conditions;
    - (iii) the Exercise Price; and
    - (iv) the Restricted Period.
  - (d) specify the time and date by which the Offer must be accepted;
  - (e) specify any other matters required to be specified in the Offer by the Corporations Act, the Listing Rules and/or applicable instruments issued by ASIC; and
  - (f) have an Acceptance Form and copy of these Rules attached.
- 1.4 If the Company is admitted to the official list of ASX, the Offer must include an undertaking by the Company to provide to a Participant, within a reasonable period of being so requested, the current market price (as defined in the Listing Rules) of the Shares.
- 1.5 Options must be offered under the Plan for no more than Nominal Consideration unless the Board otherwise determines.

## 2. Acceptance of Offer of Options

- 2.1 Upon receipt of an Offer of Options, an Eligible Participant may, within the period specified in the Offer:
- (a) accept the whole or any lesser number of Options offered by submitting an Acceptance Form; or
  - (b) nominate a nominee in whose favour the Eligible Participant wishes to renounce the Offer.
- 2.2 Upon:
- (a) receipt of the completed Acceptance Form; or
  - (b) the Board resolving to allow the renunciation to a nominee for the Eligible Participant and the nominee accepting the whole or any lesser amount of Options offered by notice in writing to the Board,

then the Eligible Participant, or the nominee, as the case may be, will be taken to have agreed to be bound by:

- (c) these Rules;
- (d) the terms of the Offer; and
- (e) the Constitution in respect of any Shares acquired on the exercise of Options.

### **3. Grant of Options**

- 3.1 Upon acceptance of a duly signed and completed Acceptance Form, the Company may grant the Options applied for to the applicant (such person then being known as the **Holder**) on the terms determined by the Board under paragraph 1 of this Schedule.
- 3.2 The Company will issue a certificate or holding statement to each Holder in respect of Options granted to them.
- 3.3 The Offer will lapse if not accepted within the time required under the terms of the Offer.

### **4. Terms of Options**

- 4.1 The terms of Options granted under the Plan shall be as determined by the Board from time to time in accordance with this paragraph 4.
- 4.2 The Exercise Price of an Option shall be the price determined by the Board in its absolute discretion prior to or on grant of the Options.
- 4.3 Subject to Rule 6, the Exercise Period of an Option shall be the period determined by the Board in its absolute discretion prior to or on grant of the Option. If no period is determined by the Board then the Exercise Period shall be the period from the date of grant of the Option to the Expiry Date.
- 4.4 Unless otherwise determined by the Board when it resolves to grant the Option, each Option is granted on the terms set out in this Schedule and the Rules generally. The Options will be subject to the terms and conditions of the Plan and in the event of any inconsistency between the terms in this Schedule and the provisions in the Plan, the Plan will prevail to the extent of the inconsistency.

#### **Exercise of Options**

- (a) Each Option entitles the Holder to subscribe for one Share on exercise of the Option.
- (b) Subject to paragraph (e), a Holder may not exercise Options before expiry of the Restricted Period.
- (c) Subject to paragraph (e), a Holder may only exercise Options during the Exercise Period (and then only after any Exercise Conditions or other Forfeiture Conditions have been satisfied or waived by the Company).
- (d) On expiry of the Exercise Period an Option not exercised shall automatically lapse.
- (e) Notwithstanding paragraph (c), Options may be exercised:
  - (i) during a Takeover Period;
  - (ii) at any time after a Change of Control Event has occurred;
  - (iii) at any time after the announcement of a proposed capital reconstruction referred to in paragraph (n);
  - (iv) in the Board's absolute discretion, following the occurrence and announcement by the Company of an event that in the opinion of the Board is likely to lead to the Company being removed from the official list of ASX; or
  - (v) in the Board's absolute discretion, within 12 months, in the event of the death or Permanent Disablement of an Eligible Participant, in respect of Options held by or on behalf of that Eligible Participant.

- (f) If, in the reasonable opinion of the Board, an Eligible Participant acts fraudulently or dishonestly in any material respect or is in material breach of his or her obligations to any Group Company, then, notwithstanding any other provision in these Rules, the Board may deem any unexercised Options held by or on behalf of the Eligible Participant to have lapsed.

#### **Notice of exercise**

- (g) Options may only be exercised by notice in writing to the Company which is signed by the Holder and delivered to the registered office of the Company. The notice must specify the number of Options being exercised and must be accompanied by:
  - (i) the Exercise Price for the number of Options specified in the notice; and
  - (ii) the certificate or holding statement for those Options, for cancellation by the Company.

The notice only becomes effective when the Company has received the full amount of the Exercise Price for the number of Options specified in the notice in cleared funds.

#### **Issue of certificates**

- (h) Subject to paragraphs (c) to (g) above, within 10 Business Days of the notice referred to in paragraph (g) above becoming effective, the Board must:
  - (i) acquire or allot and issue the number of Shares specified in the notice to the Holder;
  - (ii) cancel the certificate or holding statement for the Options being exercised; and
  - (iii) if applicable, issue a new certificate or holding statement for any remaining unexercised Options covered by the certificate or holding statement accompanying the notice.

#### **Allotment of Shares**

- (i) All Shares allotted upon the exercise of Options will be credited as fully paid and will be of the same class and rank equally in all respects with other Shares, and, in particular, entitle their holders to participate fully in:
  - (i) dividends declared by the Company after the date of allotment; and
  - (ii) all issues of securities offered to holders of Shares where entitlements to participate in those issues are determined by reference to a record date after the date of allotment of Shares allotted upon the exercise of Options.

#### **Quotation on ASX**

- (j) If existing Shares are officially quoted by ASX, the Company must apply for official quotation by ASX of all Shares allotted pursuant to the exercise of Options not later than 10 Business Days after the date of allotment.
- (k) The Company will not apply to have the Options granted under the Plan quoted on ASX or any other stock exchange.

#### **New issues**

- (l) Holders will only be permitted to participate in a pro rata issue of Shares to the holders of Shares on the prior exercise of Options. The Company must notify the Holder of the proposed issue at least 7 Business Days before the record date to determine entitlements to the pro rata issue.

## **Bonus issues**

- (m) If from time to time prior to the expiry of any Options the Company makes an issue of any class of shares to the holders of Shares on a pro rata basis by way of capitalisation of profits or reserves (other than an issue in lieu of dividends) (a **Bonus Issue**) then upon exercise of an Option, each Holder is entitled to have issued (in addition to the Shares which would otherwise be issued upon such exercise) the number of shares of the class which would have been issued to the Holder under the Bonus Issue (**Bonus Shares**) if on the date on which entitlements to participate in the Bonus Issue were calculated the Holder had been registered as the holder of the number of Shares of which the Holder would have been registered as holder if immediately prior to that date the Option had been exercised and the Shares the subject of such exercise had been duly allotted and issued. The Bonus Shares must be paid up by the Company out of profits or reserves (as the case may be) in the same manner as was applied in relation to the Bonus Issue and upon issue rank equally in all respects with the other shares of that class on issue at the date of issue of the Bonus Shares.

## **Reorganisation of capital**

- (n) In the event of a reorganisation (including a consolidation, subdivision, reduction or return) of the issued capital of the Company, the number of Options to which each Holder is entitled or the Exercise Price (if any) or both will be changed in the manner required by the Listing Rules and, in any case, in a manner which will not result in any benefits being conferred on holders of Options which are not conferred on Shareholders.
- (o) The Company must give notice to each Holder of any adjustment to the number of Shares for which the Holder is entitled to subscribe for or to the Exercise Price (if any) pursuant to the provisions of paragraph (n).

## **Restrictions**

- (p) A Holder must not without the prior written consent of the Company sell, transfer, mortgage, pledge, charge, grant security over or otherwise dispose of any Options, or agree to do any of those things.
- (q) An Offer may specify a restriction period for Shares issued on the exercise of Options during which such Shares may not be disposed of.

## **5. Conditions of exercise of Options**

- 5.1 Subject to any Exercise Conditions or other Forfeiture Conditions, Options may be exercised at any time during the period commencing on the Issue Date and ending on the Expiry Date. The period commencing on the Issue Date and expiring on the later of the Vesting Date and the date when the last of any Exercise Conditions or other Forfeiture Conditions is satisfied or waived by the Company is the "Restricted Period."
- 5.2 If a takeover bid is made to acquire the whole or any part of the issued Shares, or a scheme of arrangement, selective reduction or other transaction is initiated which has an effect similar to a full takeover bid of the issued Shares (**Bid**), and the Bid is accepted by the holder of at least 50% of the Shares on issue, then each Holder will be able to exercise all or any part of his or her Options, notwithstanding that the applicable Restricted Period has not expired.

## Schedule 2 Performance Rights

### 1. Offer of Performance Rights

- 1.1 The Company may from time to time make Offers in writing to Eligible Participants inviting them to accept an offer of Performance Rights under the Plan.
- 1.2 No Offer may be made if to do so would contravene the Constitution, the Corporations Act, the Listing Rules or any other applicable law.
- 1.3 Each Offer must be in writing and must:
- (a) specify the name of the Eligible Participant to whom the Offer is made;
  - (b) specify the total number of Performance Rights (and the number of Shares to which the Performance Rights relate) being offered;
  - (c) specify such terms and conditions of the issue of the Performance Rights the subject of the Offer, as determined by the Board, including:
    - (i) the Expiry Date;
    - (ii) the Exercise Price (if any);
    - (iii) any Forfeiture Conditions;
    - (iv) the Vesting Conditions (if any);
    - (v) the Restricted Period;
  - (d) specify the time and date by which the Offer must be accepted;
  - (e) specify any other matters required to be specified in the Offer by the Corporations Act, the Listing Rules and/or applicable instruments issued by ASIC; and
  - (f) have attached an Application and copy of these Rules.
- 1.4 If the Company is admitted to the official list of ASX, the Offer must include an undertaking by the Company to provide to a Participant, within a reasonable period of being so requested, the current market price (as defined in the Listing Rules) of the Shares.
- 1.5 Performance Rights must be offered under the Plan for no more than Nominal Consideration unless the Board otherwise determines.

### 2. Acceptance of Offer of Performance Rights

- 2.1 Upon receipt of an Offer of Performance Rights, and Eligible Participant may, within the period specified in the Offer:
- (a) accept the whole or any lesser number of Performance Rights offered by submitting an Acceptance Form; or
  - (b) nominate a nominee in whose favour the Eligible Participant wishes to renounce the Offer.
- 2.2 Upon:
- (a) receipt of the completed Acceptance Form; or
  - (b) the Board resolving to allow the renunciation to a nominee for the Eligible Participant and the nominee accepting the whole or any lesser amount of Performance Rights offered by notice in writing to the Board,

then the Eligible Participant, or the nominee, as the case may be, will be taken to have agreed to be bound by:

- (c) these Rules;
- (d) the terms of the Offer; and
- (e) the Constitution in respect of any Shares acquired on the exercise of Performance Rights.

### **3. Grant of Performance Rights**

- 3.1 Upon acceptance of a duly signed and completed Acceptance Form, the Company may grant the Performance Rights applied for to the applicant (such person then being known as the **Holder**) on the terms determined by the Board under paragraph 1 of this Schedule.
- 3.2 The Company will issue a certificate or holding statement to each Holder in respect of Performance Rights granted to them.
- 3.3 The Offer will lapse if not accepted within the time required under the terms of the Offer.

### **4. Terms of Performance Rights**

- 4.1 The terms of Performance Rights granted under the Plan shall be as determined by the Board from time to time in accordance with this paragraph 4. The Performance Rights will be subject to the terms and conditions of the Plan and in the event of any inconsistency between the terms in this Schedule and the provisions in the Plan, the Plan will prevail to the extent of the inconsistency. The Exercise Price (if any) of a Performance Right shall be the price determined by the Board in its absolute discretion prior to or on grant of the Performance Rights.
- 4.2 Subject to Rule 6, the Exercise Period of a Performance Right shall be the period between the Vesting Date and the Expiry Date.
- 4.3 The Board may in its absolute discretion impose Vesting Conditions or other Forfeiture Conditions in respect of a Performance Right on such terms as the Board considers appropriate. If a Performance Right is subject to Vesting Conditions or other Forfeiture Conditions then the Performance Right may only be exercised if the Vesting Conditions or other Forfeiture Conditions relating to it have been satisfied or waived by the Board in its absolute discretion. The Board shall notify the Holder of the satisfaction or waiver of any Vesting Conditions or other Forfeiture Conditions applicable to the Performance Rights held by the Holder.
- 4.4 Unless otherwise determined by the Board when it resolves to grant the Performance Right and subject to any Vesting Conditions or other Forfeiture Conditions applicable to the Performance Right, each Performance Right is granted on the terms set out in this paragraph 4.4 and the Rules and this Schedule generally.

#### **Exercise of Performance Rights**

- (a) Each Performance Right entitles the Holder to subscribe for one Share on exercise of the Performance Right.
- (b) Subject to paragraph (e), a Holder may not exercise Performance Rights before expiry of the Restricted Period.
- (c) Subject to paragraph 0, a Holder may only exercise Performance Rights during the Exercise Period and then only if any, Exercise Conditions, Vesting Conditions or other Forfeiture Conditions have been satisfied or waived by the Company.
- (d) On expiry of the Exercise Period a Performance Right not exercised shall automatically lapse.

- (e) Notwithstanding paragraph 4.3 and paragraph (c) the Board may, in its absolute discretion, determine that Performance Rights may be exercised:
  - (i) during a Takeover Period;
  - (ii) at any time after a Change of Control Event has occurred;
  - (iii) at any time after the announcement of a proposed capital reconstruction referred to in paragraph (n);
  - (iv) following the occurrence and announcement by the Company of an event that in the opinion of the Board is likely to lead to the Company being removed from the official list of ASX;
  - (v) within 12 months, in the event of the death or Permanent Disablement of an Eligible Participant, in respect of Performance Rights held by that Eligible Participant or his or her nominee; or
  - (vi) within 12 months, in the event of the cessation of an Eligible Participant's employment with a Group Company as a result of the Eligible Participant's position becoming redundant.
- (f) If, in the reasonable opinion of the Board, an Eligible Participant acts fraudulently or dishonestly in any material respect or is in material breach of his or her obligations to any Group Company, then, notwithstanding any other provision in these Rules, the Board may deem any unexercised Performance Rights held by the Eligible Participant or his or her nominee to have lapsed.

#### **Notice of exercise**

- (g) Performance Rights may only be exercised by notice in writing to the Company which is signed by the Holder and delivered to the registered office of the Company. The notice must specify the number of Performance Rights being exercised and must be accompanied by:
  - (i) the Exercise Price (if any) for the number of Performance Rights specified in the notice; and
  - (ii) the certificate or holding statement for those Performance Rights, for cancellation by the Company.

The notice only becomes effective when the Company has received the full amount of the Exercise Price (if any) for the number of Performance Rights specified in the notice in cleared funds.

#### **Issue of certificates**

- (h) Subject to paragraphs (c) to (g) above, within 10 Business Days of the notice referred to in paragraph (g) above becoming effective, the Board must:
  - (i) acquire or allot and issue the number of Shares specified in the notice to the Holder;
  - (ii) cancel the certificate or holding statement for the Performance Rights being exercised; and
  - (iii) if applicable, issue a new certificate or holding statement for any remaining unexercised Performance Rights covered by the certificate or holding statement accompanying the notice.

## Allotment of Shares

- (i) All Shares allotted upon the exercise of Performance Rights will be credited as fully paid and will be of the same class and rank equally in all respects with other Shares, and, in particular, entitle their holders to participate fully in:
  - (i) dividends declared by the Company after the date of allotment; and
  - (ii) all issues of securities offered to holders of Shares where entitlements to participate in those issues are determined by reference to a record date after the date of allotment of Shares allotted upon the exercise of Performance Rights.

## Quotation on ASX

- (j) If existing Shares are officially quoted by ASX, the Company must apply for official quotation by ASX of all Shares allotted pursuant to the exercise of Performance Rights not later than 10 Business Days after the date of allotment.
- (k) The Company will not apply to have the Performance Rights granted under the Plan quoted on ASX or any other stock exchange.

## New issues

- (l) Holders will only be permitted to participate in a pro rata issue of Shares to the holders of Shares on the prior exercise of Performance Rights. The Company must notify the Holder of the proposed issue at least 7 Business Days before the record date to determine entitlements to the pro rata issue.

## Bonus issues

- (m) If from time to time prior to the expiry of any Performance Rights the Company makes an issue of any class of shares to the holders of Shares on a pro rata basis by way of capitalisation of profits or reserves (other than an issue in lieu of dividends) (a **Bonus Issue**) then upon exercise of a Performance Right, each Holder is entitled to have issued (in addition to the Shares which would otherwise be issued upon such exercise) the number of shares of the class which would have been issued to the Holder under the Bonus Issue (**Bonus Shares**) if on the date on which entitlements to participate in the Bonus Issue were calculated the Holder had been registered as the holder of the number of Shares of which the Holder would have been registered as holder if immediately prior to that date the Performance Right had been exercised and the Shares the subject of such exercise had been duly allotted and issued. The Bonus Shares must be paid up by the Company out of profits or reserves (as the case may be) in the same manner as was applied in relation to the Bonus Issue and upon issue rank equally in all respects with the other shares of that class on issue at the date of issue of the Bonus Shares.

## Reorganisation of capital

- (n) In the event of a reorganisation (including a consolidation, subdivision, reduction or return) of the issued capital of the Company, the number of Performance Rights to which each Holder is entitled or the Exercise Price (if any) or both will be changed in the manner required by the Listing Rules and, in any case, in a manner which will not result in any benefits being conferred on holders of Performance Rights which are not conferred on Shareholders.
- (o) The Company must give notice to each Holder of any adjustment to the number of Shares for which the Holder is entitled to subscribe for or to the Exercise Price (if any) pursuant to the provisions of paragraph (n).

## Restrictions

- (p) A Holder must not without the prior written consent of the Company sell, transfer, mortgage, pledge, charge, grant security over or otherwise dispose of any Performance Rights.
- (q) An Offer may specify a restriction period for Shares issued on the exercise of Performance Rights during which those Shares cannot be disposed of.





## Lodge your vote:

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

 **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 850 505  
(outside Australia) +61 3 9415 4000

## Proxy Form



### Vote and view the annual report online

- Go to [www.investorvote.com.au](http://www.investorvote.com.au) or scan the QR Code with your mobile device.
- Follow the instructions on the secure website to vote.

### Your access information that you will need to vote:

**Control Number: 999999**

**SRN/HIN: I999999999**

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



 **For your vote to be effective it must be received by 10:00am (Perth time) Sunday 23 November 2014**

### 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 or abstain as they choose (to the extent permitted by law). 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 for Postal Forms

**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 help tab, "Printable 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.

**GO ONLINE TO VOTE,  
or turn over to complete the form** →

**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

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I/We being a member/s of Pacific Niugini 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 Pacific Niugini Limited to be held at QV.1 Conference Centre, Training Room 2, Level 2, 250 St Georges Tce, Perth WA on Tuesday 25 November at 10:00am (Perth time) 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 (except where I/we have indicated a different voting intention below) even though Items 1 & 4 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

**Important Note:** 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 Items 1 & 4 by marking the appropriate box in step 2 below.

## 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.

	For	Against	Abstain
1 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Re-Election of Mr David Osikore as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Approval for additional 10% placement capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Renewal of Long Term Incentive Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Ratification of the Issues of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6 Ratification of the Issues of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7 Change of Auditor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

## 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 / /