



**Deep Yellow Limited**

**NOTICE OF ANNUAL GENERAL MEETING**

**(Includes Explanatory Memorandum)**

**DATE OF MEETING:** 5 November 2015

**TIME OF MEETING:** 2:00 pm WST

**PLACE OF MEETING:** COUNTRY WOMENS ASSOCIATION  
BUILDING  
1176 Hay Street West Perth  
Western Australia

**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.**

# NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Shareholders of Deep Yellow Limited ('Company') will be held at the Country Women's Association Building 1176 Hay Street, West Perth, Western Australia on 5 November 2015 at 2:00 pm.

The Explanatory Memorandum to this Notice of Meeting is incorporated in, comprises part of and should be read in conjunction with this Notice of Meeting. Please note terms used in this Notice of Meeting have the same meaning as set out in the glossary of the Explanatory Memorandum accompanying this Notice.

## AGENDA

### FINANCIAL REPORT

To receive and consider the financial report for the year ended 30 June 2015, and the Directors' and Auditors' Reports thereon as included in the 2015 Annual Report.

### RESOLUTION 1 REMUNERATION REPORT

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

*"That the Remuneration Report as set out in the Annual Report for the year ended 30 June 2015 be adopted."*

**Note: The vote on this Resolution is advisory only and does not bind the Directors or the Company. Shareholders are urged to read the Explanatory Memorandum for further information.**

#### Voting Exclusion

1. The Company will disregard any votes cast (in any capacity) on Resolution 1 by or on behalf of a Restricted Voter. However, the Company need not disregard a vote on Resolution 1 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 Resolution; and
  - (b) it is not cast on behalf of a Restricted Voter.
2. Further, a Restricted Voter who is appointed as a proxy will not vote on Resolution 1 unless:
  - (a) the vote is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the proposed Resolution; or
  - (b) the proxy is the Chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

Shareholders should note that the Chair intends to vote any undirected proxies in favour of Resolution 1. Shareholders may also choose to direct the Chair to vote against Resolution 1 or to abstain from voting.

### RESOLUTION 2 ELECTION OF MR MERVYN GREENE

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

*"That Mervyn Greene who retires in accordance with clause 6.1(f) of the Company's Constitution and, being eligible, offers himself for re-election, be re-elected as a Director."*

There are no voting exclusions in relation to Resolution 2.

# NOTICE OF ANNUAL GENERAL MEETING

## RESOLUTION 3 ELECTION OF MR CHRISTOPHE URTEL

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

*"That Christophe Urtel who retires in accordance with clause 6.1(f) of the Company's Constitution and, being eligible, offers himself for re-election, be re-elected as a Director."*

There are no voting exclusions in relation to Resolution 3.

## RESOLUTION 4 GRANT OF PERFORMANCE RIGHTS TO MR GREG COCHRAN

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

*"That for the purposes of Listing Rule 10.11 and for all other purposes, Shareholders approve the grant of up to 30,000,000 Performance Rights for no consideration to Mr Greg Cochran or his nominee on the terms and conditions set out in the Explanatory Memorandum accompanying the Notice of Meeting."*

### Voting Exclusion

The Company will disregard any votes cast on Resolution 4 by:

- a) Mr Greg Cochran;
- b) Mr Greg Cochran's nominee (if any), to be issued with the Performance Rights the subject of the Resolution;
- c) any person who might obtain a benefit if Resolution 4 is passed, except a benefit solely in the capacity of a holder of ordinary securities; and
- d) any associates of the persons excluded from voting pursuant to paragraphs (a), (b) and (c) above.

Notwithstanding the above, the Company will not disregard a vote on Resolution 4 if it is cast by:

- a) a person as proxy for a person who is entitled to vote in accordance with the directions on the proxy form; or
- b) the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Further, a Restricted Voter who is appointed as a proxy will not vote on Resolution 4 if the appointment does not specify the way the proxy is to vote on the Resolution, unless the proxy is the Chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

Shareholders should note that the Chair intends to vote any undirected proxies in favour of Resolution 4. Shareholders may also choose to direct the Chair to vote against Resolution 4 or to abstain from voting.

## RESOLUTION 5 GRANT OF SHARES TO MR GREG COCHRAN IN LIEU OF FUTURE REMUNERATION

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

*"That for the purposes of Listing Rule 10.11 and for all other purposes, Shareholders approve the grant of Shares to Mr Greg Cochran or his nominee in lieu of \$80,000 of his remuneration as Managing Director for the 12 month period from 1 September 2015 on the terms and conditions set out in the Explanatory Memorandum accompanying the Notice of Meeting."*

A voting exclusion statement for Resolution 5 is set out below Resolution 10.

## RESOLUTION 6 GRANT OF SHARES TO MR MERVYN GREENE IN LIEU OF FUTURE FEES

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

*"That for the purposes of Listing Rule 10.11 and for all other purposes, Shareholders approve the grant of Shares to Mr Mervyn Greene or his nominee in lieu of \$30,125 of his Director fees for the 12 month period from 1 September 2015 on the terms and conditions set out in the Explanatory Memorandum accompanying the Notice of Meeting."*

# NOTICE OF ANNUAL GENERAL MEETING

A voting exclusion statement for Resolution 6 is set out below Resolution 10.

## **RESOLUTION 7 GRANT OF SHARES TO MS GILLIAN SWABY IN LIEU OF FUTURE FEES**

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

*"That for the purposes of Listing Rule 10.11 and for all other purposes, Shareholders approve the grant of Shares to Ms Gillian Swaby or her nominee in lieu of \$32,400 of her Director fees for the 12 month period from 1 September 2015 on the terms and conditions set out in the Explanatory Memorandum accompanying the Notice of Meeting."*

A voting exclusion statement for Resolution 7 is set out below Resolution 10.

## **RESOLUTION 8 GRANT OF SHARES TO MR RUDOLF BRUNOVS IN LIEU OF FUTURE FEES**

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

*"That for the purposes of Listing Rule 10.11 and for all other purposes, Shareholders approve the grant of Shares to Mr Rudolf Brunovs or his nominee in lieu of \$32,400 of his Director fees for the 12 month period from 1 September 2015 on the terms and conditions set out in the Explanatory Memorandum accompanying the Notice of Meeting."*

A voting exclusion statement for Resolution 8 is set out below Resolution 10.

## **RESOLUTION 9 GRANT OF SHARES TO MR TIM NETSCHER IN LIEU OF FUTURE FEES**

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

*"That for the purposes of Listing Rule 10.11 and for all other purposes, Shareholders approve the grant of Shares to Mr Tim Netscher or his nominee in lieu of \$34,738 of his Director fees for the 12 month period from 1 September 2015 on the terms and conditions set out in the Explanatory Memorandum accompanying the Notice of Meeting."*

A voting exclusion statement for Resolution 9 is set out below Resolution 10.

## **RESOLUTION 10 GRANT OF SHARES TO MR CHRISTOPHE URTEL IN LIEU OF FUTURE FEES**

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

*"That for the purposes of Listing Rule 10.11 and for all other purposes, Shareholders approve the grant of Shares to Mr Christophe Urtel or his nominee in lieu of \$30,125 of his Director fees for the 12 month period from 1 September 2015 on the terms and conditions set out in the Explanatory Memorandum accompanying the Notice of Meeting."*

### **Voting Exclusion for Resolutions 5 to 10 (inclusive)**

The Company will disregard any votes cast on Resolutions 5, 6, 7, 8, 9 or 10 respectively by:

- a) the relevant Director and any person who is to receive the securities the subject of the relevant Resolution;
- b) any person who might obtain a benefit if the relevant Resolution is passed, except a benefit solely in the capacity of a holder of ordinary securities; and
- c) any associates of the persons excluded from voting pursuant to paragraphs (a) and (b) above.

Notwithstanding the above, the Company will not disregard a vote on Resolution 5, 6, 7, 8, 9 or 10 respectively if it is cast by:

- a) a person as proxy for a person who is entitled to vote in accordance with the directions on the proxy form; or
- b) the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Further, a Restricted Voter who is appointed as a proxy will not vote on Resolution 5, 6, 7, 8, 9 or 10 respectively if the appointment does not specify the way the proxy is to vote on the Resolution, unless the proxy is the Chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

Shareholders should note that the Chair intends to vote any undirected proxies in favour of Resolutions 11 to 16 (inclusive). Shareholders may also choose to direct the Chair to vote against Resolution 11 to 16 (inclusive) or to abstain from voting.

# NOTICE OF ANNUAL GENERAL MEETING

## OTHER BUSINESS

To deal with any other business which may be brought forward in accordance with the Company's Constitution and the Corporations Act.

By order of the Board

A handwritten signature in blue ink, appearing to read 'Mark Pitts', is written in a cursive style.

**Mark Pitts**  
Company Secretary  
Dated: 30 September 2015

# GENERAL NOTES

The Directors have determined in accordance with Regulations 7.11.37 and 7.11.38 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Annual General Meeting are those who are registered Shareholders at 2:00 pm (WST) on 3 November 2015.

## HOW TO VOTE

Shareholders can vote by either:

- \* attending the meeting and voting in person or by attorney or, in the case of corporate shareholders, by appointing a corporate representative to attend and vote; or
- \* appointing a proxy to attend and vote on their behalf using the proxy form accompanying this Notice of Meeting and by submitting their proxy appointment and voting instructions in person, by post or by facsimile.

## VOTING IN PERSON (OR BY ATTORNEY)

Shareholders, or their attorneys, who plan to attend the meeting are asked to arrive at the venue 15 minutes prior to the time designated for the meeting, if possible, so that their holding may be checked against the Company's share register and attendance recorded. Attorneys should bring with them an original or certified copy of the power of attorney under which they have been authorised to attend and vote at the meeting.

## VOTING BY A CORPORATION

A Shareholder that is a corporation may appoint an individual to act as its representative and vote in person at the meeting. The appointment must comply with the requirements of section 250D of the Corporations Act. The representative should bring to the meeting evidence of his or her appointment, including any authority under which it is signed.

## PROXIES

A Shareholder entitled to attend and vote has a right to appoint a proxy to attend and vote instead of the Shareholder. A proxy need not be a Shareholder and can be either an individual or a body corporate. If a Shareholder appoints a body corporate as a proxy, that body corporate will need to ensure that it:

- \* appoints an individual as its corporate representative to exercise its powers at the meeting, in accordance with section 250D of the Corporations Act; and
- \* provides satisfactory evidence of the appointment of its corporate representative.

If such evidence is not received, then the body corporate (through its representative) will not be permitted to act as a proxy.

A Shareholder that is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If two proxies are appointed and the appointment does not specify the proportion or number of votes that the proxy may exercise, section 249X of the Corporations Act takes effect so that each proxy may exercise half of the Shareholder's votes.

If a proxy is not directed how to vote on an item of business, the proxy may vote, or abstain from voting, as they think fit. Should any Resolution, other than those specified in this Notice, be proposed at the meeting, a proxy may vote on that Resolution as they think fit. If a proxy is instructed to abstain from voting on an item of business, they are directed not to vote on the Shareholder's behalf on the poll and the shares that are the subject of the proxy appointment will not be counted in calculating the required majority.

Shareholders who return their proxy forms with a direction how to vote but do not nominate the identity of their proxy will be taken to have appointed the Chairman of the meeting as their proxy to vote on their behalf. If a proxy form is returned but the nominated proxy does not attend the meeting, the Chairman of the meeting will act in place of the nominated proxy and vote in accordance with any instructions. A Restricted Voter who is appointed as a proxy will only vote on Resolution 1, Resolutions 3 to 9 (inclusive) and Resolutions 11 to 16 (inclusive) in the circumstances set out in the Notice of Meeting in relation to each of these Resolutions respectively. Shareholders should note that the Chair intends to vote any undirected proxies in favour of all of these Resolutions.

A Proxy Form accompanies this Notice of Meeting and to be effective must be received at the Company's corporate registry/registered office **by no later than 2.00 pm on 3 November 2015:**

- \* Computershare Investor Services, GPO Box 242, Melbourne Victoria 3001 **OR** By facsimile: 1800 783 447 or +61 3 9473 2555
- \* Deep Yellow Limited, Level 4, 502 Hay Street, Subiaco Western Australia 6008 **OR** By facsimile: + 61 8 9286 6969
- \* Electronically:  
Submit proxy voting instructions online at [www.investorvote.com.au](http://www.investorvote.com.au) (refer to the enclosed Voting Form)  
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 (03) 9415 4000

## EXPLANATORY MEMORANDUM

This Explanatory Memorandum is intended to provide Shareholders with sufficient information to assess the merits of the Resolutions contained in the accompanying Notice of Meeting.

The Directors recommend Shareholders read this Explanatory Memorandum in full before making any decision in relation to the Resolutions. Terms used in this Explanatory Memorandum will, unless the context otherwise requires, have the meaning given to them in the Glossary in Annexure A to this Explanatory Memorandum.

The following information should be noted in respect of the various matters contained in the accompanying Notice of Meeting.

### ANNUAL ACCOUNTS AND REPORTS

The first item of the Notice deals with the presentation of the consolidated annual financial report of the Company for the financial year ended 30 June 2015 together with the Directors' Declaration and Report in relation to that financial year and the auditor's report on those financial statements. Appropriate time will be devoted to the consideration of these financial statements and reports of the Company for the year ended 30 June 2015. No Resolution is required to be moved in respect of this item.

The Company's auditor will be in attendance to take questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies adopted by the Company and the independence of the auditor in relation to the conduct of the audit.

### RESOLUTION 1                      ADOPTION OF THE REMUNERATION REPORT

The Board is submitting its Remuneration Report to Shareholders for consideration and adoption by way of a non-binding Resolution.

The Remuneration Report forms part of the Directors' Report, included in the 2015 Annual Report. The Remuneration Report:

- \* explains the Board's policy for determining the nature and amount of remuneration of executive Directors and senior executives of the Company;
- \* explains the relationship between the Board's remuneration policy and the Company's performance;
- \* sets out remuneration details for each Director and the senior executives of the Company (who are defined as being key management personnel); and
- \* details and explains any performance conditions applicable to the remuneration of executive Directors and senior executives of the Company.

The vote on this Resolution is advisory only and does not bind the Directors of the Company. However, the Board will take the outcome of the vote into consideration when reviewing the remuneration practices and policies of the Company.

If 25% or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive AGMs, Shareholders will be required to vote at the second of those AGMs on a resolution ('spill resolution') that another meeting be held within 90 days at which all of the Company's Directors (excluding the Managing Director) must offer themselves for re-election. If more than 50% of Shareholders vote in favour of the spill resolution, the Company must convene an extraordinary general meeting ('spill meeting') within 90 days of the second AGM. All of the Directors who were in office when the relevant Directors' Report was approved, other than the Managing Director, will (if required) need to stand for re-election at the spill meeting.

The Company will disregard any votes cast on Resolution 1 by any person, defined as Key Management Personnel (KMP) and their Closely Related Parties. KMP of the Company includes each of the Directors and members of management as described in the Company's Annual Report.

The Board considers that its current practices of setting executive and non-executive remuneration are well within normal industry expectations, and allows the Company to attract and retain the services of the highly skilled key management personnel that it requires. As such the Directors recommend that shareholders vote in favour of the Company's Remuneration Report at Resolution 1.

If you choose to appoint a proxy you are encouraged to direct your proxy how to vote on Resolution 1 **by either marking For, Against or Abstain** on the voting form.

**Please note if you appoint the Chair of the Meeting as your proxy, the appointment expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. The Chairman of the meeting intends to vote undirected proxies, that are able to be voted, in favour of the adoption of the Remuneration Report.**

The Remuneration Report is set out in the Deep Yellow Limited Annual Report 2015 and is also available on the Company's website ([www.deeptyellow.com.au](http://www.deeptyellow.com.au)).

## EXPLANATORY MEMORANDUM

### RESOLUTION 2 ELECTION OF MERVYN GREENE

Pursuant to clause 6.1(f) of the Company's Constitution, Directors are required to retire on a rotational basis. Being eligible, they can offer themselves for re-election to the Board by Shareholders.

Mr Mervyn Greene retires from office in accordance with the Company's Constitution and, being eligible, he now offers himself for re-election to the Board.

Mr Greene is an investment banker and entrepreneur based in Ireland who has worked in the US, Europe and Africa for more than 30 years. In the early stages of his career Mr Greene worked for Morgan Stanley in New York and London, before doing an MBA at the London Business School in 1993. Between 1997 and 2005 Mr Greene was the London based partner of Irwin Jacobs Greene (IJG), one of Namibia's premier stockbroking, private equity and corporate finance advisory firms. Mr Greene now manages a private equity and property development firm.

The remainder of the Board recommend that Shareholders vote in favour of Resolution 2. The Chair intends to vote undirected proxies in favour of Resolution 2.

### RESOLUTION 3 ELECTION OF MR CHRISTOPHE URTEL

Pursuant to clause 6.1(f) of the Company's Constitution, Directors are required to retire on a rotational basis. Being eligible, they can offer themselves for re-election to the Board by Shareholders.

Mr Christophe Urtel retires from office in accordance with the Company's Constitution and, being eligible, he now offers himself for re-election to the Board.

Mr Urtel is currently Head of Corporate Strategy and Capital EMEA for the Nobel Group. Prior to joining Nobel in 2014 he was a Fund Manager at Liberum Capital and an Executive Director in J.P.Morgan's Principal Investment franchise in London responsible for natural resources investments. Previously he worked in J.P.Morgan and its predecessor organisations from 1999 to 2008, specialising in the mining and metals sector, providing M&A advice and raising capital on the equity and debt markets.

Mr Urtel graduated with a MSc (Mining and Finance) and BSc (First Class Honours – Geology with Engineering Geology) from the Royal School of Mines, Imperial College, London.

The remainder of the Board recommend that Shareholders vote in favour of Resolution 3. The Chair intends to vote undirected proxies in favour of Resolution 3.

### RESOLUTION 4 GRANT OF PERFORMANCE RIGHTS TO MR GREG COCHRAN

Shareholder approval is sought pursuant to Listing Rule 10.11 for the grant of up to 30,000,000 Performance Rights to the Managing Director Mr Greg Cochran as part of his long term incentive included in his salary package. The proposed issue of Performance Rights represents approximately 0.5% of the Company's current issued share capital.

The Performance Rights to be granted to Mr Cochran are subject to terms and conditions which are consistent with those of the Deep Yellow Limited Awards Plan. (Refer Appendix B)

#### ***Performance Rights to be Issued***

Mr Cochran is the Managing Director and CEO of Deep Yellow. At the time of his appointment in January 2011 the Company agreed to maintain an appropriate long term incentive package that takes into account the Company's goals and aspirations, recognises market conditions and provides an incentive to Mr Cochran. The Board believes that the grant of these Performance Rights will provide a long term incentive and promote the opportunity for Share ownership. The Board is endeavouring to align the interests of Mr Cochran with Shareholders and believes that this type of incentive share will assist in achieving that goal.

The 30,000,000 Performance Rights, if accepted, will be granted to Mr Cochran or his nominee and will vest, subject to Mr Cochran remaining employed by the Company at each Vesting Date and meeting certain vesting conditions and at the discretion of the Board.



## EXPLANATORY MEMORANDUM

The Performance Rights have been divided into the following tranches:

### ***Vesting 1 July 2016***

3,000,000 performance rights of which:

- 1,500,000 will vest only by reason of Mr Cochran being and remaining employed by the Company as at the relevant Vesting Date; and
- 1,500,000 will vest subject to the 10 day VWAP of trading in the Shares up to the relevant Vesting Date being at least 1.8 cents per Share.

### ***Vesting 1 July 2017***

12,000,000 performance rights of which:

- 7,250,000 will vest only by reason of Mr Cochran being and remaining employed by the Company as at the relevant Vesting Date; and
- 4,750,000 will vest subject to the 10 day VWAP of trading in the Shares up to the relevant Vesting Date being at least 2.5 cents per Share.

### ***Vesting 1 July 2018***

15,000,000 performance rights of which:

- 8,750,000 will vest only by reason of Mr Cochran being and remaining employed by the Company as at the relevant Vesting Date; and
- 2,500,000 will be subject to the 10 day VWAP of trading in the Shares up to the relevant Vesting Date being at least 2.5 cents per Share
- 3,750,000 will be subject to the 10 day VWAP of trading in the Shares up to the relevant Vesting Date being at least 3.5 cents per Share.

## **Exercise of Performance Rights and allocation of Shares**

Subject to the Board's discretion, if the vesting conditions have been satisfied, the Performance Rights will vest and be automatically exercised.

Shares allocated to Mr Cochran upon exercise of the Performance Rights will rank equally with all other Shares on issue.

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

The grant of Performance Rights to Mr Cochran, and the potential allotment and issue of Shares pursuant to the same will constitute the giving of a financial benefit to a related party of the Company, for which member approval is usually required pursuant to section 208 of the Corporations Act.

There are various exceptions to the requirement for member approval. This includes, in accordance with section 211 of the Corporations Act, where the benefit is remuneration to a related party as an officer or employee of the Company, and to give the remuneration would be reasonable given:

- \* the circumstances of the Company in giving the remuneration; and
- \* the related party's circumstances (including the responsibilities involved in the office or employment).

The Board is of the view that the exception in section 211 of the Corporations Act is relevant to the financial benefits to be granted to Mr Cochran under his employment agreement, the terms of which were negotiated prior to commencement of his employment with the Company. Further, the Board believes that the financial benefits available to Mr Cochran under his employment agreement are commensurate with the responsibilities and performance targets expected of him.

Accordingly, the Company is not seeking the approval of members under section 208 of the Corporations Act.

### ***Listing Rules Disclosure***

ASX Listing Rule 10.11 requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

## EXPLANATORY MEMORANDUM

As the proposed grant of Performance Rights involves the issue of securities to a related party of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances. Accordingly, Shareholder approval is sought for the issue of the Performance Rights to Mr Cochran under ASX Listing Rule 10.11.

Listing Rule 10.13 requires the following information to be provided in relation to the Performance Rights which may be granted pursuant to Resolution 4.

- \* The Performance Rights will be allotted and issued to Mr Cochran (or his nominee), who is a Director of the Company.
- \* The maximum number of Performance Rights to be issued to Mr Cochran is 30,000,000. The maximum number of Shares to be issued on the vesting of the Performance Rights is 30,000,000.
- \* The Performance Rights will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules).
- \* The Performance Rights will be issued to Mr Cochran for nil consideration, and as such no funds will be raised from the grant of the securities.
- \* The Performance Rights will be issued on terms and conditions consistent with those of the existing Deep Yellow Limited Awards Plan and the specific vesting conditions as stated above.
- \* A voting exclusion statement is included in the Notice. If you choose to appoint a proxy you are encouraged to direct your proxy how to vote on Resolution 4 by either marking For, Against or Abstain on the voting form.

If Resolution 4 is passed (and approval is therefore obtained for the purposes of ASX Listing Rule 10.11), further shareholder approval is not required under ASX Listing Rule 7.1, and the securities issued pursuant to Resolution 4 will not be included in the calculation of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

### RESOLUTIONS 5 TO 10 GRANT OF SHARES TO DIRECTORS IN LIEU OF FUTURE FEES

As indicated above, the Company is actively trying to conserve its cash reserves.

Resolutions 5 to 10 (inclusive) seek Shareholder approval for the purposes of Listing Rule 10.11 to allow certain director remuneration and fees that accrue in the 12 month period from 1 September 2015 (**Future Remuneration**) to be satisfied by the issue of Shares (**Future Remuneration Shares**).

If Resolutions 5 to 10 (inclusive) are approved and the Company is granted a waiver from ASX to allow the Future Remuneration Shares to be issued more than one month after the date of the Meeting, the Company intends to calculate the number of Future Remuneration Shares to the Directors on a progressive monthly basis based on the 5-Day VWAP for the relevant month, the Future Remuneration Shares will be then be issued in two six monthly tranches within 10 business days of the end of each six month period from 1 September 2015, with the number of Future Remuneration Shares to be issued each month to be calculated.

The total base remuneration or fees paid to each Director per annum, the amount to be satisfied by cash payments per annum and the amount to be satisfied by the issue of Future Remuneration Shares per annum is set out in the following table.

## EXPLANATORY MEMORANDUM

Director	Total current Director base remuneration/fees per annum including superannuation <sup>1</sup>	Amount to be satisfied by cash payments per annum ("Future Remuneration")	Amount to be satisfied by issue of Future Remuneration Shares	
			Per annum	Per month
Greg Cochran	\$355,000	\$275,000	\$80,000	\$6,666.67
Tim Netscher	\$104,738	\$70,000	\$34,738	\$2,894.83
Rudolf Brunovs	\$68,400	\$36,000	\$32,400	\$2,700
Mr Mervyn Greene	\$64,125	\$34,000	\$30,125	\$2,510.42
Ms Gillian Swaby	\$68,400	\$36,000	\$32,400	\$2,700
Mr Christophe Urtel	\$64,125	\$34,000	\$30,125	\$2,510.42
<b>Total</b>	<b>\$724,788</b>	<b>\$485,000</b>	<b>\$239,788</b>	<b>\$19,982.34</b>

Because the number of Future Remuneration Shares to be issued is based on future 5-Day VWAPs for each month, the actual number of Future Remuneration Shares to be issued, and the deemed issue prices, cannot be included in this Notice of Meeting. Further, as the issue will be progressive, (calculated on a monthly basis for the 12 month period from 1 September 2015 and then issued in two six monthly tranches), the Future Remuneration Shares will not be issued within one month of the Meeting.

For this reason, Resolutions 5 to 10 (inclusive) are subject to the ASX granting the Company a waiver of Listing Rule 10.13.3 and 10.13.5, to allow the Future Remuneration Shares to be issued more than 1 month after the date of the Meeting and to allow the Company to seek shareholder approval under Listing Rule 10.11 without specifying the issue price for the shares to be issued to the Directors.

Based on the current Share price, the fact that \$239,788 of Future Remuneration in total will be satisfied by the issue of Future Remuneration Shares and the total number of Shares currently on issue, it is anticipated that the dilution experienced by shareholders as a result of the issue of the Future Remuneration Shares will be approximately 1.2%.<sup>2</sup>

If Resolutions 5 to 10 (inclusive) are not approved, then the Company will need to pay the Directors an additional \$239,788 in cash, by way of Directors' fees or remuneration for the 12 month period from 1 September 2015.

The Directors consider it is in the interests of the Company and its Shareholders that Shareholder approval for the issue of the Future Remuneration Shares is obtained in advance, as it gives the Company more certainty in respect of its cash position and allows the Company to maintain the engagement of high calibre professionals, whilst conserving its cash reserves

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

The issue and allotment of Future Remuneration Shares to the Directors will constitute the giving of a financial benefit to a related party of the Company, for which member approval is usually required pursuant to section 208 of the Corporations Act.

There are various exceptions to the requirement for member approval. This includes, in accordance with section 211 of the Corporations Act, where the benefit is remuneration to a related party as an officer or employee of the Company, and to give the remuneration would be reasonable given:

- \* the circumstances of the Company in giving the remuneration; and
- \* the related party's circumstances (including the responsibilities involved in the office or employment).

<sup>1</sup> Mr G Cochran has 16,250,000 Existing Performance Rights and, if Resolution 4 is approved will be granted an additional 30,000,000 Performance Rights as part of his overall remuneration package. None of the other Directors are entitled to any further remuneration or fees.

<sup>2</sup> Based on a Share price of \$0.01 (being the closing share price on ASX on 9-16 September 2015 (inclusive)), the total Accrued Remuneration to be satisfied by the Future Remuneration Shares being \$239,788 and the total number of Shares on issue being 1,917,603,615 Shares.

## EXPLANATORY MEMORANDUM

The Board is of the view that, given the Future Remuneration Shares will be issued to satisfy part of accrued directors' fees and remuneration, with the number to be calculated based on the 5 day volume weighted average Share price up to and excluding the 20<sup>th</sup> of each month (being the date on which the fees and remuneration would otherwise be paid), the exception in section 211 of the Corporations Act will apply to the issue of the Future Remuneration Shares

Accordingly, the Company is not seeking the approval of Shareholders under section 208 of the Corporations Act.

### ***Listing Rules Disclosure***

The following information is provided pursuant to Listing Rule 10.13 requirements and further to the conditions of the waiver granted by ASX in respect to 10.13.3 and 10.13.5 and is in relation to the Future Remuneration Shares which may be granted pursuant to Resolution 5 to 10 (inclusive).

- \* The Future Remuneration Shares will be allotted and issued to each of the following Directors or their respective nominees:
  - Resolution 5 - Mr Greg Cochran (Managing Director)
  - Resolution 6 - Mr Mervyn Greene (Non Executive Director)
  - Resolution 7 - Ms Gillian Swaby (Non Executive Director)
  - Resolution 8 - Mr Rudolf Brunovs (Non Executive Director)
  - Resolution 9 - Mr Tim Netscher (Non Executive Chairman)
  - Resolution 10 - Mr Christophe Urtel (Non Executive Director)
- \* The maximum number of Future Remuneration Shares to be issued to each Director in the 12 month period from 1 September 2015 will be calculated each month based on the following formula:

**No. of Future Remuneration Shares = Future Remuneration/5-Day VWAP**

Where:

**Future Remuneration** is the monthly proportion of the Director fees or remuneration to be satisfied by the issue of Remuneration Shares, as set out in the table above for each Director.

**5-Day VWAP** is the volume weighted average share price for the 5 days on which Shares traded up to but excluding the 20<sup>th</sup> day of the relevant month (being the date that the Future Remuneration would have otherwise been paid in cash).

- \* The Future Remuneration Shares will be issued within 12 months after shareholder approval is obtained and within 10 business days of the end of each six month period from 1 September 2015.
- \* Subject to the grant of a waiver of Listing Rule 10.13.5, the Future Remuneration Shares will be issued at an issue price equal to the 5-Day VWAP for the relevant month that the Future Remuneration relates to.
- \* The Future Remuneration Shares will rank equally with all other Shares on issue.
- \* The Future Remuneration Shares will be issued to each Director (or their respective nominee) for nil consideration, and as such no funds will be raised from the grant of the securities, but the Company's liability in relation to the Future Remuneration will be fully satisfied.
- \* A voting exclusion statement for each of Resolutions 5 to 10 (inclusive) is included in the Notice. The Chairman will vote undirected proxies in favour of each Resolution.

In respect of Resolutions 5 to 10 inclusive, if the Resolution is passed (and approval is therefore obtained for the purposes of ASX Listing Rule 10.11), further shareholder approval is not required under ASX Listing Rule 7.1, and the securities issued pursuant to the Resolution will not be included in the calculation of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

**ANNEXURE A**  
**GLOSSARY OF TERMS**

In this Explanatory Memorandum the following expressions have the following meanings:

**\$** means Australian dollars, the legal currency of Australia;

**5-day VWAP** for a month means the VWAP for Shares for the five days on which Shares traded up to but excluding the 20<sup>th</sup> of the relevant month

**AGM** means Annual General Meeting

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

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

**Associates** has the meaning given to that term in the Corporations Act.

**Board** means the board of Directors.

**Business Day** means a business day as defined in the Listing Rules.

**Closely Related Party** has the meaning given to that term in the Corporations Act.

**Company** or **DYL** means Deep Yellow Limited ACN 006 391 948.

**Constitution** means the constitution of the Company.

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

**Directors** means the directors of DYL from time to time.

**Equity Securities** has the same meaning as in the Listing Rules.

**Existing Performance Rights** means the 16,250,000 existing Performance Rights held by Greg Cochran due to vest at various dates and subject to certain time and performance related conditions.

**Key Management Personnel** or **KMP** has the meaning given to the term key management personnel in the Accounting Standards.

**Listing Rules** means the Listing Rules of ASX, as amended from time to time.

**Meeting** or **Annual General Meeting** means the annual general meeting of Shareholders convened by this Notice.

**Notice** or **Notice of Meeting** means the notice of annual general meeting that accompanies this Explanatory Memorandum.

**Option** means an option to acquire a Share under the Deep Yellow Awards Plan.

**Performance Hurdles** means the conditions relating to the performance of DYL and its subsidiaries and associated companies (and the manner in which those conditions will be tested) for the purposes of determining the number of a participant's Performance Rights which may be exercised, as set out in the participant's invitation.

**Performance Right** means a right to acquire a Share under the Deep Yellow Awards Plan.

**Plan** means the Deep Yellow Awards Plan

**Resolution** means a resolution referred to in the Notice of Meeting.

**Restricted Voter** means Key Management Personnel and their Closely Related Parties.

**Share** means a fully paid ordinary share in the capital of DYL.

**Shareholder** or **DYL Shareholder** means a holder of one or more Shares.

**VWAP** has the meaning given to the term "volume weighted average market price" in the Listing Rules.

**WST** means Australian Western Standard Time.

## ANNEXURE B

### SUMMARY OF THE RULES OF THE PLAN

#### \* *Participation*

Persons eligible to participate in the Plan are Directors, Employees and other permitted persons of the Company or a related body corporate ("**Eligible Person**"). The Board may from time to time determine that any Eligible Person is entitled to participate in the Plan and the extent of that participation. In making that determination the Directors must consider, where appropriate, matters including record of employment, length of service and seniority.

The Plan will provide some flexibility to the Board as it allows for either Options to be issued or Performance Rights to be granted which may be exercised to acquire Shares subject to the satisfaction of certain conditions (in the case of Options) ("**Exercise Conditions**") or performance hurdles relating to the performance of the Company and its subsidiaries and associated companies (in the case of Performance Rights) ("**Performance Hurdles**").

#### \* *Offer of Options*

Each offer made by the Board must specify:

- i. the number and the exercise price of the Options;
- ii. that the Eligible Person may accept the whole or any lesser number of Options offered;
- iii. the period within which the offer may be accepted; and
- iv. the Exercise Conditions.

The offer document must also include a copy of the Plan and an undertaking that the Company will provide current share information if requested by an Eligible Person within a reasonable period of that request. The offer document must also be provided to ASIC within 7 days after provision of this material to an Eligible Person.

#### \* *Invitation with respect to Performance Rights*

Each Invitation made by the Board must specify:

- i. the number and the Expiry Date of the Performance Rights;
- ii. the Performance Hurdles and the Performance Period (i.e. the period for the purpose of determining the extent to which the Performance Hurdles have been met); and
- iii. the approximate Test Date (i.e. the date at which the Performance Hurdles are to be measured to determine whether that Performance Right becomes vested and therefore exercisable).

The offer document must also include a copy of the Plan and an undertaking that the Company will provide current share information if requested by an Eligible Person within a reasonable period of that request. The offer document must also be provided to ASIC within 7 days after provision of this material to an Eligible Person.

#### \* *Acceptance*

An Eligible Person must, within the period specified in the offer either:

- i. accept the whole or any lesser number of Options or Performance Rights offered by notice in writing; or
- ii. nominate a nominee in whose favour the Eligible Person wishes to renounce the offer by notice in writing.

#### \* *Number of Options and Performance Rights that may be issued under the Plan*

ASIC Class Order 03/184 provides relief from the requirement to issue a prospectus in relation to securities issued under an employee incentive scheme provided that the Company does not issue Options or grant Performance Rights in excess of 5% of the total number of issued Shares at the time of the offer. For the purposes of this 5% limit ASIC includes (subject to certain exceptions):

- i. all Shares which might be issued pursuant to the exercise of an Option or a Performance Right under the offer in question;
- ii. the number of Shares that would be issued if Options or Performance Rights issued or granted under the Plan were exercised; and
- iii. the number of Shares in the same class issued during the previous five years pursuant to an employee share scheme.

\* *Price*

Options and Performance Rights are issued or granted under the Plan for no consideration.

\* *Exercise of Options and Performance Rights*

Subject to a number of factors, including the Company's securities trading policy (as published on the Company's website), Options or Performance Rights may be exercised at any time during the period commencing on the issue date and ending on the Expiry Date. The exercise of Performance Rights is also subject to the Performance Hurdles.

The exercise price of the Options issued under the Plan will not be less than 80% of the weighted average price of the Shares on ASX over the five trading days immediately preceding the day on which the Board resolves to offer or issues an Option as the case may be.

\* *Vesting of Performance Rights*

Performance Rights become vested at the Board's determination as soon as reasonably practicable after each Test Date applicable to any Performance Period. At that time the Board will determine:

- i. whether the Performance Hurdles have been satisfied;
- ii. the number of Performance Rights that will become vested as at the Test Date;
- iii. the number of Performance Rights that will lapse; and
- iv. the number of Performance Rights that will continue as unvested.

Performance Rights will be deemed to be automatically exercised once the Performance Rights become vested. Within 10 Business Days of the Performance Rights vesting, the Company must allot and issue the number of Shares to be issued in respect of those vested Performance Rights.

\* *Restrictions*

Unless otherwise decided by the Board:

- i. Any Options issued or Performance Rights granted pursuant to the Plan will automatically lapse:
  - a. if the Eligible Person to which they were issued is dismissed from employment with the Company for a number of reasons including wilful misconduct bringing disrepute on the Company, incompetence in the performance of duties after prior written warning or fraud or dishonesty; and
  - b. if an Option or Performance Right is not validly exercised on or before the Expiry Date and in the case of Performance Rights where Performance Hurdles have not been satisfied on the Test Date, if so determined by the Board.
- ii. If prior to the satisfaction of the Exercise Conditions of Options or the Performance Hurdles an Eligible Person who holds Options or Performance Rights ceases to be an Eligible Person due to retirement, disability, redundancy or death, such Eligible Person, or if appropriate, his or her Permitted Nominee, may exercise any such Options or Performance Rights within 3 months of the date of retirement, redundancy, death or disability or such longer period that the Board determines. If an Eligible Person ceases to be an Eligible Person for any other reason, his or her Options or Performance Rights will automatically lapse.
- iii. If an Eligible Person who holds Options or Performance Rights ceases to be an Eligible Person at any time after an Option has become exercisable or a Performance Right vests, if the Eligible Person ceases to be an Eligible Person due to retirement, disability, redundancy or death, such Eligible Person, or if appropriate, his or her Permitted Nominee may exercise any such Options or Performance Rights (to the extent that they are not already automatically exercised) at any time prior to the Expiry Date. If an Eligible Person ceases to be an Eligible Person for any other reason, that Eligible Person is entitled to exercise any such Option or vested Performance Right within 3 months of ceasing to be an Eligible Person or such longer period as the Board determines.

The Options and the Performance Rights are not transferable except with the Board's approval.

\* *Change of control*

At any time following the public announcement of a proposal which the Board reasonably believes may lead to a Change of Control Event (i.e. an unconditional takeover bid, a Shareholder or Shareholders becoming entitled to replace all or a majority of the Board or an application to convene a scheme meeting) the Board may give the relevant people notice that some or all of the Options held may be exercised and/or that some or all of the unvested Performance Rights held that have not lapsed will become vested (disregarding any applicable Exercise Conditions

or Performance Hurdles). All exercisable Options and vested Performance Rights which are not exercised before expiry of the notice period given by the Board (set out above) will lapse at the end of that notice period.

\* *Administration*

The Board in its absolute discretion will administer the Plan in accordance with terms and conditions set out in the Plan rules.