

# Notice of Annual General Meeting

Perth, 28th May 2010

**The Perilya Limited Annual General Meeting will be held at Conference Suite, Level 8, Exchange Plaza Building, 2 The Esplanade, Perth Western Australia, on 28 May 2010, commencing at 10-30am (Perth time), with registration from 10-00am.**

*The following documents relate to the AGM:*

- Notice of Meeting for the AGM, including explanatory memorandum;
- Notice of how to access a copy of the Company's electronic annual financial report for the period ended 31 December 2009; and
- Proxy Form and return envelope.

If you are attending the AGM in Perth and have not lodged a Proxy Form, please bring the Proxy Form with you to assist with registration.

If you are not attending the AGM in Perth, you can lodge a completed Proxy Form by returning it in the enclosed envelope or alternatively by facsimile.

Please be aware that the Proxy Form needs to be received by the Perilya Share Registrar by no later than 10-30am (Perth time) on 26 May 2010. Further details on lodging your Proxy Form can be found on the reverse side of the Proxy Form.

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## Notice of how to access a copy of the company's electronic Annual Financial Report for the period ended 31 December 2009

Perilya has adopted regulations that enable it to no longer distribute a hard copy annual financial report, unless a shareholder elects to continue to receive a hard copy.

In accordance with the Corporations Act, Perilya advises that a copy of the Company's Annual Financial Report for the period ended 31 December 2009 is available on the Perilya website, [www.perilya.com.au/investor-information/company-reports](http://www.perilya.com.au/investor-information/company-reports). When you access the Company's Annual Financial Report on-line, you can view it, search for specific information and print a copy of the Annual Financial Report.

Please note that if you have elected to continue to receive a hard copy of the Company's Annual Financial Report, it will be mailed to you no later than 21 days before the Annual General Meeting.

However, if you did not elect to continue to receive a hard copy of the Company's Annual Financial Report and now (or some time in the future) wish to receive a hard copy of the Company's Annual Financial Report, then please contact the Perilya Share Registrar on +61 8 9323 2000. They will be pleased to mail you a copy.

# Notice of Annual General Meeting

The Annual General Meeting of Perilya Limited will be held at Conference Suite, Level 8, Exchange Plaza Building, 2 The Esplanade, Perth Western Australia, on 28 May 2010 at 10-30am (Perth time).

Terms used in this Notice and explanatory memorandum are defined in the glossary to this document.

The explanatory memorandum which accompanies and forms part of this Notice describes the matters to be considered at the Annual General Meeting.

## Agenda

### Annual Financial Statements

To receive and consider the Annual Financial Statements, the Directors' Report and the Audit Report of Perilya for the financial year for the period ended 31 December 2009.

### Ordinary Business

#### 1. Adoption of the Remuneration Report (non-binding resolution)

To adopt the annual Remuneration Report for Perilya (which is contained in the Directors' Report) for the financial year for the period ended 31 December 2009.

#### 2. Re-election of Mr Patrick O'Connor

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

*"To elect Mr Patrick O'Connor as a Director of the Company, who retires by rotation in accordance with the Company's Constitution, and, being eligible, offers himself for re-election."*

#### 3. Approval to Issue Options to Mr Paul Arndt

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

*"That for the purposes of ASX Listing Rule 10.14, Chapter 2E of the Corporations Act and for all other purposes, 1,089,092 Options under the Employee Share Option Plan be issued to Mr Paul Arndt (or his nominee) subject to the terms and conditions in the explanatory memorandum."*

### Voting Exclusion Statement

The Company will disregard any votes cast on Resolution 3 by a Director (except one who is ineligible to participate in the Employee Share Option Plan) and any of the Director's associates. 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 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.

# Notes

These notes form part of the Notice of Annual General Meeting.

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## Voting Entitlements

The Directors have determined that, for the purpose of voting at the Meeting, members eligible to vote at the Meeting are those persons who are the registered holders of Shares at 10-30am (Perth time) on 26 May 2010.

## How to Vote

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

## Voting in Person

To vote in person, attend the meeting on the date and at the place set out above. Members are asked to arrive at the venue 30 minutes prior to the time designated for the Meeting, if possible, so that the Company may check their shareholding against the Company's share register and note attendances.

## Voting by Proxy

A shareholder has the right to appoint a proxy, who need not be a shareholder of the Company. A proxy can be an individual or a body corporate. A body corporate appointed as a shareholder's proxy may appoint a representative to exercise any of the powers the body corporate may exercise as a proxy at the Meeting. The representative should bring to the Meeting evidence of his or her appointment, including any authority under which the appointment is signed, unless it has previously been given to the Company.

If a shareholder is entitled to cast two or more votes they may appoint two proxies and may specify the percentage of votes each proxy is appointed to exercise.

To vote by proxy, the Proxy Form (together with the original of any power of attorney or other authority, if any, or certified copy of that power of attorney or other authority under which the proxy is signed) must be received at the Share Registrar of Perilya no later than 10-30am (Perth time) on 26 May 2010 (Proxy Forms received after that time will be invalid). Proxy Forms must be received before that time via the following methods:

**By Post:** Computershare Investor Services Pty Limited  
GPO Box 242  
Melbourne, Victoria 3001

**By Facsimile:** (within Australia)  
1800 783 447

**By Facsimile:** (outside Australia)  
+61 3 9473 2555

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## Corporate Representatives

A body corporate may elect to appoint an individual to act as its representative in accordance with section 250D of the Corporations Act, in which case the Company will require a certificate of appointment of the corporate representative executed in accordance with the Corporations Act. The certificate of appointment must be lodged with the Company and/or the Company's Share Registrar, Computershare Investor Services, before the Meeting or at the registration desk on the day of the Meeting. Certificates of appointment of corporate representatives are available at [www.computershare.com](http://www.computershare.com) or on request by contacting Computershare Investor Services on telephone number +61 1300 557 010.

## Enquiries

Shareholders are invited to contact the Company Secretary, Paul Marinko, on +61 8 6330 1000 if they have any queries in respect of the matters set out in these documents.

### **By order of the Board**



**Paul Marinko**  
Company Secretary

Dated 23 April 2010

**The Notice of Annual General Meeting, Explanatory Memorandum and Proxy Form should be read in their entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.**

# Explanatory memorandum

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This explanatory memorandum and all attachments are important documents. They should be read carefully. If you have any questions regarding the matters set out in this explanatory memorandum or the preceding Notice, please contact the Company, your stockbroker or other professional adviser.

## General information

This explanatory memorandum has been prepared for the shareholders of the Company in connection with the Annual General Meeting (“AGM”) of the Company to be held on 28 May 2010.

The purpose of this explanatory memorandum is to provide shareholders with information that the Board believes to be material to Shareholders in deciding whether or not to approve the Resolutions detailed in the Notice.

As announced to the ASX on 24 July 2009, the Australian Securities & Investments Commission granted relief to enable the Company to change its financial year end date from 30 June to 31 December. The change of year end enables the Company to align its financial year end date with that of its majority shareholder, Shenzhen Zhongjin Lingnan Nonfemet Co. Ltd. The granting of the relief meant that the financial year of the Company from 1 July 2009 to 31 December 2009 was a transitional one. From now on, the Company will report its results as normal with respect to a 31 December financial year end.

## Financial Statements

The Corporations Act requires the Annual Financial Report, Directors’ Report, and the Auditor’s Report (“**Annual Financial Statements**”) to be received and considered at the Meeting. The Annual Financial Statements for the period ended 31 December 2009 are included in the Company’s December 2009 Annual Financial Report, a copy of which can be accessed on-line at [www.perilya.com.au/investor-information/company-reports](http://www.perilya.com.au/investor-information/company-reports). Alternatively, a hard copy will be made available on request.

No vote will be taken on the Annual Financial Statements. However, Shareholders attending the AGM will be given a reasonable opportunity to ask questions about, or make comments on, the Annual Financial Statements and reports.

The Company’s auditor, PricewaterhouseCoopers Chartered Accountants, will be present at the Meeting and Shareholders will have the opportunity ask the auditor questions in relation to the conduct of the audit, the auditor’s report, the Company’s accounting policies, and the independence of the auditor.

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

The December 2009 Annual Financial Report for the period ended 31 December 2009 contains a Remuneration Report which:

- sets out the remuneration policy for Perilya;
- discusses the relationship between the remuneration policy and the Company's performance; and
- details the remuneration arrangements for the Chief Executive Officer, senior executives and Non-Executive Directors.

The Remuneration Report is contained within the Directors' Report in the Company's December 2009 Annual Financial Report and in the company reports section of the Company's website at <http://www.perilya.com.au/investor-information/company-reports>.

Voting on the adoption of the Remuneration Report is for advisory purposes only and will not bind the Directors or the Company. The Chairman of the Meeting will allow reasonable opportunity for Shareholders to ask questions about, or comment on, the Remuneration Report at the Meeting.

Whilst there is no legal requirement to abstain from voting, the Company expects Directors, and the specified executives whose remuneration details are disclosed in the report, not to vote on this Resolution.

### **Resolution 2 – Re-election of Mr Patrick O'Connor**

Mr Patrick O'Connor retires by rotation in accordance with the Company's Constitution and offers himself for re-election as a Director of the Company.

Mr O'Connor has extensive executive leadership skills and wide experience in communicating with capital markets, shareholders and the media. He has a deep understanding of organisational and strategic development drawn from his involvement in management consulting practices specialising in these fields. He is currently an executive of St George Capital Pty Ltd.

Mr O'Connor serves as the Chairman of the Company's Remuneration and Nominations Committee and the Contracts Committee, and is also a member of the Audit and Risk Management Committee. Mr O'Connor is also Chairman of the Water Corporation and Xceed Capital Limited.

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**Qualifications:** Bcom (UWA), SEP Stanford Executive Program (USA), FAICD

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**Age:** 46

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**Independent:** Yes

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Mr O'Connor was appointed Deputy Chairman on 5 March 2009, having previously served as the Company's Non-Executive Chairman from 1 February 2006 to 4 March 2009, with a period as Executive Chairman between 5 February 2008 and 30 November 2008.

The Board endorses the re-election of Mr Patrick O'Connor as a Director.

# Explanatory memorandum (continued)

## **Resolution 3 – Approval to Issue Options to Mr Paul Arndt**

### *Background*

The Board, in conjunction with the Remuneration and Nominations Committee has determined that the grant of Options under Perilya's Employee Share Option Plan ("**ESOP**") to Mr Paul Arndt and certain other key Perilya senior executives ("**Key Executives**") is the most appropriate form of long term incentive for management in the Company's current circumstances. The Board considers that Mr Arndt and each Key Executive to whom it proposes to issue Options is essential to the operation of Perilya's ongoing business.

Accordingly, the Company is proposing, subject to obtaining Shareholder approval, to allot and issue 1,089,092 Options to Mr Paul Arndt, Managing Director and Chief Executive Officer (or his nominee).

Subject to approval being obtained for the issue of Options to Mr Arndt, the Company proposes to issue a further 2,050,200 Options to the Key Executives (or their nominees), in each case under the ESOP.

The issue of Options to Mr Arndt and the Key Executives is designed to recognise and reward the services and contributions provided by them to the Company. The Options to be issued are in addition to Mr Arndt's and the Key Executive's remuneration package payable by the Company.

### **Requirement for Shareholder approval**

Pursuant to Chapter 2E of the Corporations Act, for a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in Sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in Section 210 to 216 of the Corporations Act.

A "related party" for the purposes of the Corporations Act is defined widely. It includes a director of a public company, specified members of the director's family and an entity over which a director maintains control.

A "financial benefit" for the purposes of the Corporations Act is also defined widely. It includes a public company issuing securities or granting options to a related party.

The issue of the Options to Mr Arndt (or his nominee) constitutes the giving of a financial benefit to a related party of the Company, as Mr Arndt is a Director. Accordingly, approval is sought under Resolution 3 to issue the Options to Mr Arndt (or his nominee) for the purposes of Chapter 2E of the Corporations Act.

In addition, Listing Rule 10.14 prohibits a company from issuing equity securities (including options) to its directors under an employee share scheme without shareholder approval. Accordingly, approval is sought under Resolution 3 to issue of Options to Mr Arndt (or his nominee) requires Shareholder approval for the purposes of Listing Rule 10.14.

As the other Key Executives are not Directors of the Company, approval is not required for the Company to issue Options to them (or their nominees) under Chapter 2E of the Corporations Act or Listing Rule 10.14. Accordingly, the information in this Explanatory Memorandum

regarding the proposed issues of Options to the Key Executives appears for information purposes only.

Approval pursuant to Listing Rule 7.1 is not required in order to issue Options to Mr Arndt or the Key Executives (or their nominees) under the ESOP. Under ASX Listing Rule 7.2 Exception 9(b), the issues of Options will not be included in calculating the Company's annual 15% placement capacity under Listing Rule 7.1.

#### **Details of the proposed issue of Options**

The Company proposes to issue 1,089,092 Options to Mr Paul Arndt, Managing Director and Chief Executive Officer (or his nominee) under the ESOP.

The Options will be exercisable at an exercise price that is the greater of \$0.87 and 145% of the market price of the Company's Shares at the time of allotment (being the one week volume weighted average of the Company's Share price up to and including the date of grant).

They will vest on 31 March 2013 (irrespective on the date on which the Options are ultimately issued) and expire at 5pm WST on 31 March 2014 (unless they expire earlier in accordance with the terms of the ESOP).

The Options will not have an issue price and no funds will be raised from their issue. Funds raised from the exercise of the Options will be used for general working capital purposes.

The Options will be issued under the ESOP on the terms set out above and in Annexure A to this Explanatory Memorandum. All full time and part time employees and Directors of the Company and any Associated Company are entitled to participate in the ESOP. Non-executive Directors are not eligible to participate

in the ESOP. Mr Arndt is the only Director eligible to participate in the ESOP. Mr Arndt does not have any associates which hold Shares in the Company or which are eligible to participate in the ESOP.

No Options have been issued under the ESOP since it was last approved by shareholders on 24 November 2009.

The issue of the Options to Mr Arndt (or his nominee) will be equal to approximately 0.207% of the Company's fully-diluted share capital (based on the number of Shares and Options on issue as at the date of the Notice of Annual General Meeting). The Options will be allotted and issued as soon as possible after the Annual General Meeting and in any event no later than 12 months after the meeting.

The highest and lowest closing market sale prices of the Company's Shares on ASX during the 12 months immediately preceding the date of this Notice of Annual General Meeting and the respective dates of those sales were: \$0.76 on 16 and 18 January 2010 and \$0.22 on 27 and 28 April 2009, respectively.

The closing trading price of the shares 7 days prior to the Notice of Annual General Meeting was \$0.63 on 16 April 2010.

The Black and Scholes option price calculation method is widely regarded as acceptable as a valuation model where the options cannot be readily valued by some other means. In determining the dollar value of the Options, the following assumptions were made:

- (a) the market price of shares is \$0.60 per share (as at 1 April 2010, rounded up);
- (b) the Options will be exercisable at \$0.87\* each;

# Explanatory memorandum (continued)

- (c) the Options will be exercisable by 31 March 2014;
- (d) price volatility of the shares during the life of the Options is expected to be 60%;
- (e) the average current risk free interest rate is 5.04%; and
- (f) no discount has been allowed to reflect the unlisted status of the Options.

\* If Shareholders approve the issue of Options to Mr Arndt, the actual exercise price of the Options will be the greater of \$0.87 and 145% of the market price of Shares determined at the time of allotment as the one week volume weighted average of the Company's Share price up to an including the date of grant.

With respect to Mr Arndt the Directors provide the following information so that shareholders can consider Resolution 3:

Shares held (beneficially) *	127,742
Performance rights held under LTIP (beneficially) *	Nil
Options held under ESOP	3,000,000
Annual base remuneration (including superannuation)	\$653,455
Annual other remuneration and financial benefits**	up to \$392,073
Value of Options to be issued under Resolution 3***	\$261,382

\* shares and performance rights are held beneficially by the Plan Trustee for the Perilya Employee Share Plan and the Perilya Long Term Incentive Plan

\*\* As a component of Mr Arndt's remuneration, he is entitled to a short term incentive (STI) payment of up to \$392,073 for the financial year ending 31 December 2010. Before Mr Arndt is eligible for any STI payment, the Board has set an annual profitability gateway (based on a defined net profit after tax) and an additional gateway applies of there being no fatalities during the period. In addition, the Board sets a series of key performance indicators (KPI) for Perilya which are linked to its business principles, budget, business plan, growth and external indicators. Subject to achievement of the gateways, the level of the STI payment to Mr Arndt will depend on Perilya as a group achieving "threshold", "target" and "stretch" performance hurdles. Perilya must achieve the "threshold" KPI for any STI to be paid. The maximum STI will be paid upon achieving the "target" KPI's in all categories.

\*\*\* applying the Black and Scholes option price calculation and based on the assumptions set out above

The Company will not provide a loan to Mr Arndt for the purposes of enabling him to exercise the Options.

If the Options the subject of Resolution 3 were issued to Mr Arndt (or his nominee) and were exercised, a total of 1,089,092 Shares would be allotted and issued. This will increase the number of Shares on issue from 526,075,563 to 527,164,655 (based on the number of Shares on issue at the date of this Notice of Meeting and assuming that no other Options are exercised) with the effect that the shareholding of existing Shareholders would be diluted by 0.207%.

Subject to Shareholders approving Resolution 3, the Company also intends to issue Options to the Key Executives. The Options will be issued under the ESOP on the same terms as those issued to Mr Arndt. The number of Options to be issued to each Key Executive and the value of those Options are set out in the table below:

The Company intends to review various capital management strategies with a view to minimising or eliminating the dilutionary impact of the exercise of Options issued under the ESOP.

The Board is not aware of any information not set out in this Explanatory Memorandum that would be reasonably required by Shareholders to make a decision in relation to Resolution 3.

#### Directors' Recommendation

Except for Mr Arndt who declines to make a recommendation in relation to Resolution 3, each of the Directors recommends that Shareholders approve the issue of Options under Resolution 3 as the issue of Options is a fundamental factor in the Board's policy to retain and incentivise Mr Arndt and the other Key Executives.

Name	Title	Options	Value*
Tim Manners	General Manager Finance	549,571	\$131,897
Paul Marinko	General Counsel	464,029	\$111,367
Andrew Lord	General Manager Broken Hill Operation	535,962	\$128,631
Bruce Byrne	Surface Manager & Assistant General Manager Broken Hill Operation	283,921	\$68,141
Martin Jones	Chief Geologist	216,717	\$52,012

\* applying the Black and Scholes option price calculation and based on the assumptions set out above

# Glossary

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<b>Annual General Meeting or AGM or Meeting</b>	means the Annual General Meeting of Shareholders of the Company to be held at Conference Suite, Level 8, Exchange Plaza Building, 2 The Esplanade, Perth Western Australia, on 28 May 2010 at 10-30am (Perth time), or any adjournment thereof.
<b>Associated Company</b>	means for the purposes of the ESOP, any related body corporate of the Company (as that term is defined in the Corporations Act) and any company which has 20% or more of the voting power in the Company, or any company in which the Company has 20% or more of the voting power.
<b>ASX</b>	means ASX Limited.
<b>ASX Listing Rules or Listing Rules</b>	means the Listing Rules of ASX.
<b>Board</b>	means the board of Directors of the Company.
<b>Company or Perilya</b>	means Perilya Limited (ABN 85 009 193 695).
<b>Constitution</b>	means the Company's constitution.
<b>Corporations Act</b>	means the Corporations Act 2001 (Cth).
<b>Director</b>	means a director of the Company.
<b>Employee Share Option Plan or ESOP</b>	means the Company's Employee Share Option Plan.
<b>Notice</b>	means the notice of meeting accompanying this explanatory memorandum.
<b>Option</b>	means an option to acquire a share.
<b>Share</b>	means a fully paid ordinary share in the capital of the Company.
<b>Shareholder</b>	means a holder of a Share.
<b>Share Registrar</b>	means Computershare Investor Services Pty Ltd.

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# Annexure A – Summary of the terms of the Options issued under the Perilya Limited Employee Share Option Plan

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## Summary of the terms of the Options issued under the Perilya Limited Employee Share Option Plan

The Options are issued under the terms of the Perilya Limited Employee Share Option Plan (“ESOP”). The full terms of the Options are set out in the ESOP a copy of which may be obtained from the Company. The following is a summary of those terms. In the event of any inconsistency between the terms of the ESOP and the summary set out below, the terms of the ESOP will prevail.

- (a) The Options will be issued for no consideration and may be transferred with the written consent of the Board.
- (b) The exercise price of the Options will be the greater of \$0.87 and 145% of the market price of the Company’s Shares at the time of allotment (being the one week volume weighted average of the Company’s Share price up to and including the date of grant).
- (c) The Options will vest on 31 March 2013 and expire on 31 March 2014.
- (d) An Option may be exercised by notice in writing to the Company. The exercise notice must be accompanied by the Option certificate and payment of the full amount of the exercise price.
- (e) Not more than 10 business days after the exercise of an Option becomes effective, the Company must allot and issue the Shares the subject of the Option to the Participant.
- (f) All Shares issued on exercise of the Options are subject to the Constitution of the Company and rank equally in every way with the Company’s then issued fully paid Shares. The Company must apply to ASX for, and will use its best efforts to obtain, quotation for the shares to be issued to the Participant on exercise of the Options. Quotation of Options on ASX will not be sought.
- (g) An Option will lapse unless otherwise determined by the Board if:
  - (i) the Participant ceases to be an employee for any reason prior to the date on which the Options become exercisable (the “**Vesting Date**”);
  - (ii) the Participant ceases to be an employee for any reason after the Vesting Date and before the last date on which the Options are exercisable, in which case any Options shall lapse on the day which is 30 business days after the day on which the Participant ceases to be an employee;
  - (iii) the Remuneration and Nominations Committee (“**Committee**”) or the Board becomes aware of circumstances which, in their reasonable opinion, indicate that the participant has acted fraudulently, dishonestly or in a manner which is in breach of his or her obligations to the Company or any associated Company and the Committee or the board (in its absolute discretion) determines that the Options shall lapse; or
  - (iv) the Company commences to be wound up.

# Annexure A – Summary of the terms of the Options issued under the Perilya Limited Employee Share Option Plan (continued)

- (h) Where a Participant ceases to be an employee whilst any Options are exercisable, the Committee or the Board may in its absolute discretion (on any conditions it thinks fit) decide that the Options do not lapse as outlined in paragraph (g) (ii) above, but lapse instead at the time and on the conditions specified in the notice to the Participant. In making a decision, the Committee may consider any relevant matter (fore example, whether the Participant ceased to be an employee by reason of retirement, ill health, accident or redundancy).
- (i) If a takeover bid is made to acquire some or all of the shares, or the court sanctions a compromise or arrangement under part 5.1 of the Corporations Act in connection with a scheme for the reconstruction of the Company or its amalgamation with any other body corporate which results in one person becoming, directly or indirectly, legally entitled to 30% or more of the shares, the Board may give written notice to Participants and all Options become immediately exercisable and if not exercised, will lapse within 30 business days of the date of such notice.
- (j) If the Company makes a pro rata offer of shares, the Company must give any Participant at least nine (9) business days' notice before the record date for determining entitlements to receive that offer, to enable any Participant to exercise the Options and receive that offer in respect of the shares allotted on exercise of the Options.

- (k) If there is an issue of new shares following a pro rata offer made to existing shareholders and any Participant does not exercise their Options as contemplated by paragraph (j) above, the exercise price of an Option after the issue of those shares is adjusted in accordance with the following formula:

$$O' = O - E \frac{[P - (S + D)]}{N + 1}$$

**Where:**

- 
- O'** = The new exercise price of an Option.
- 
- O** = The old exercise price of an Option.
- 
- E** = The number of Shares into which an Option is exercisable.
- 
- P** = The average closing price (excluding special crossings, overnight sales and exchange traded option exercises) on the Stock Exchange Automated Trading System provided for the trading of securities on ASX of Shares (weighed by reference to volume) during the five (5) trading days before the ex rights date or ex entitlements date.
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- S** = The subscription price for one security under the renounceable rights issue or entitlements issue.
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**D** = The dividend due but not yet paid on existing shares (except those to be issued under the renounceable rights or entitlements issue).

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**N** = Number of Shares with rights or entitlements required to be held to receive a right to one new security.

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However, if  $O_1$  under this formula is less than the amount prescribed by the ASX Listing Rules as the minimum exercise price for Options, the new exercise price of the Option is to be equal to that minimum price.

- (l) If the Company makes a pro rata bonus issue to shareholders and an Option is not exercised before the record date to determine entitlements to that bonus issue, the number of securities to be issued on exercise of the Option is the number of Shares before that bonus issue plus the number of securities which would have been issued to the Option holder if the Option had been exercised before that record date.
- (m) If the Company subdivides or consolidates its Shares, the Options must be subdivided or consolidated (as the case may be) in the same ratio as the Shares, and the exercise price must be amended in inverse proportion to that ratio.
- (n) If the Company makes a return of capital, the number of Options remains the same and the exercise price of each Option is reduced by the same amount as the amount returned in relation to each share (or in relation to a number of Shares equal to the number of Shares to be issued on exercise of the Option is that number is not 1).
- (o) If the Company makes a cancellation of any paid up share capital that is lost or not represented by available assets, the number of Options and the exercise price of each Option is unaltered.
- (p) If the Company reduces its issued Share capital on a pro rata basis, the number of Options must be reduced by the same ratio as the Shares and the exercise price of each Option must be amended in inverse proportion to that ratio.
- (q) If the Company reorganises its issued share capital in any other way not contemplated above, the number of Options and exercise price, or both, must be reorganised so that the Option holder will not receive a benefit that holders of Shares do not receive.



1st Floor, Building E,  
661 Newcastle Street  
Leederville WA 6007

Telephone: +61 8 6330 1000  
Facsimile: +61 8 6330 1099  
Email: [perilya@perilya.com.au](mailto:perilya@perilya.com.au)  
Website: [www.perilya.com.au](http://www.perilya.com.au)

