

# Boom Logistics Limited

ACN 095 466 961

(Company)

## Notice of Annual General Meeting

**NOTICE is given** that the Annual General Meeting of Boom Logistics Limited (ACN 095 466 961) (**Company**) will be held at 10:30am at Crown Promenade Conference Centre, 8 Whiteman Street, Southbank, Victoria on Friday, 27 November 2009 to consider the items of business set out below.

The Explanatory Memorandum accompanies and forms part of this Notice of Meeting. This document provides additional information on matters to be considered at the Meeting, and should be read in its entirety.

If you are unable to attend the meeting please complete and return the enclosed proxy form in accordance with the specified instructions.

Members can submit questions that they would like raised at the AGM using the form at the back of this Notice of Meeting. We will respond to the more frequently asked questions at the AGM, but as you would appreciate, we will not be able to respond to questions individually.

### Ordinary business

#### Item 1 Financial Statements and Reports

To receive and consider the Financial Report and the reports of the Directors and Auditors for the financial year ended 30 June 2009.

#### Item 2 Adoption of Remuneration Report

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

*“That the Remuneration Report for the financial year ended 30 June 2009 be adopted.”*

This is an advisory vote only.

#### Item 3 Re-election of Directors

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

(a) *“That Rodney John Robinson, being a Director of the Company who retires by rotation under rule 5.1 of the Company’s Constitution, and being eligible, is re-elected as a Director of the Company.”*

- (b) *“That Huw Geraint Davies, being a Director of the Company who retires by rotation under rule 5.1 of the Company’s Constitution, and being eligible, is re-elected as a Director of the Company.”*

## **Special business**

### **Item 4 Grant Share Units to the Managing Director under the Boom Logistics Long Term Incentive Plan.**

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

*“That approval be given for the purposes of ASX Listing Rule 10.14 and all other purposes for the grant of Share Units to the Managing Director, Brenden Mitchell, in accordance with the terms of the Boom Logistics Limited Long Term Incentive Plan and on the terms summarised in the Explanatory Notes.”*

By order of the Board



Company Secretary

Iona MacPherson

**28 October 2009**

## **Appointment of proxy**

Please note the following in relation to the appointment of a proxy:

- A member who is entitled to attend and vote at this meeting may appoint any person as his or her proxy to attend and vote for the member at the meeting.
- If a member is entitled to cast two or more votes at the meeting, the member may appoint two proxies to attend on the same occasion. If two proxies are appointed and the appointment does not specify the proportion or number of the member’s votes each proxy may exercise, each proxy may exercise half of the member’s votes.
- The appointment of the proxy may specify the proportion or number of votes that the proxy may exercise.

- A proxy need not be a member of the Company and can be either an individual or a body corporate. If a member 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 2001* (Cth); and
  - provides satisfactory evidence of the appointment of its corporate representative prior to the commencement of the meeting.

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

- If a proxy is given by a corporation, a form of proxy must be executed in writing under the common seal of the corporation or otherwise in accordance with section 127 of the *Corporations Act 2001*(Cth) or signed by an attorney.
- If a proxy is given by a natural person, a form of proxy must be executed under the hand of that person or that person's attorney.
- Under rule 89.1 of the Constitution, in order for a proxy appointment to be effective, the Company must receive the following documents at least 48 hours before the scheduled time for the meeting, that is by 10:30am on Wednesday 25 November 2009:
  - the proxy's appointment; and
  - if the appointment is signed by the appointor's attorney – the authority under which the appointment was signed or a certified copy of the authority.
- The documents will be received by the Company when it is received at any of the following:
  - Share Registry at Computershare Investor Services Pty Ltd, 452 Johnston Street, Abbotsford, Victoria 3067;
  - the Company's registered office at Level 6, 55 Southbank Boulevard, Southbank Vic 3006; or
  - the fax number at the Company's registered office: +61 3 9207 2400.

### **Persons entitled to vote**

Under regulation 7.11.37 of the *Corporations Regulations 2001* (Cth), the Directors have determined that the shareholding of each member for the purposes of ascertaining their voting entitlements at the Annual General Meeting will be as it appears in the share register at 7pm on Wednesday, 25 November 2009. Accordingly, share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the Annual General Meeting.

## **Voting exclusion**

In accordance with the ASX Listing Rules, the Company will disregard any votes cast in respect of the resolution in Item 4 by:

- the Managing Director of the Company; and
- any associate of the Managing Director of the Company.

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
- 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.

## **Corporate Representatives**

A body corporate, which is a member, may appoint an individual (by certificate executed in accordance with section 127 of the *Corporations Act 2001* (Cth) or in another manner satisfactory to the Chairman) as a representative to exercise all or any of the powers the body corporate may exercise at the meeting. The appointment may be a standing one.

## **Necessary information**

Information relevant to each resolution is set out in the attached Explanatory Memorandum which forms part of this notice to members.

## **Obtaining a copy of the Annual Report 2009**

The Annual Report 2009 will be sent to each member in hard copy or electronic copy (if the member has nominated that means as one by which the member may be notified). If you would like to receive a hard copy of the Annual Report 2009 free of charge you can contact Margaret Trousdale on + 61 3 9207 2530 or email [mtrousdale@boomlogistics.com.au](mailto:mtrousdale@boomlogistics.com.au)

## Information specific to each resolution

Shareholder approval of resolutions is required for the purposes of the ASX Listing Rules and the *Corporations Act 2001* (Cth). This Explanatory Memorandum has been prepared to provide you with material information to enable you to make an informed decision in relation to the business to be conducted at the Annual General Meeting of the Company.

### Ordinary business

#### Item 1 Financial Statements and Reports

The *Corporations Act 2001* (Cth) requires:

1. the reports of the Directors and Auditors; and
2. the Annual Report, including the financial statements of the Company for the fiscal year ended 30 June 2009,

to be laid before the Annual General Meeting. Neither the *Corporations Act* nor the Constitution require a vote of members on the reports or statements. However, shareholders will be given a reasonable opportunity to ask questions about or make comments on the management of the Company.

Also, a reasonable opportunity will be given to members as a whole at the meeting to ask the Company's Auditor questions relevant to the conduct of the audit, the preparation and content of the Auditor's report, the accounting policies adopted by the Company in relation to the preparation of the financial statements and the independence of the Auditor in relation to the conduct of the audit.

#### Item 2 Remuneration Report

As part of the Annual Report provided to all members, a Remuneration Report is required to be included which sets out details of the remuneration for each of the five highest remunerated company/group executives, each director and for each of the other key management personnel of the Company, in addition to describing Board policy in respect of remuneration, its relationship to the Company's performance, along with a detailed summary of any relevant performance conditions, why those particular conditions were chosen, and how performance is measured against them.

Under the resolution in Item 2, the Company is seeking member approval of the adoption of the Remuneration Report by the Company. The outcome of this resolution is advisory only, and is not binding on the Company or the Board.

*The Board unanimously recommends that members vote in favour of adopting the Remuneration Report.*

### **Item 3 Re-election of Directors**

In accordance with the Company's constitution, no director who is not the managing director may retain office without re-election beyond the third annual general meeting following the meeting at which the director was last elected or re-elected

Messrs Robinson and Davies are required to retire at this Annual General Meeting, and being eligible, offer themselves for re-election.

Further information in relation to each of the directors is set out below:

#### **Rodney John Robinson**

##### **Age: 65**

Rodney John Robinson is the Company's non-executive Chairman and has served on the Board since his appointment on 15 November 2002. His qualifications include BSc, MGSc and F Aus IMM.

Mr Robinson was formerly Managing Director and CEO of Ashton Mining Limited. He is currently Chairman of Global Mining Investments Limited. Mr Robinson is Chairman of the Company's Remuneration & Nomination Committee and the Occupational Health, Safety, Environment & Quality Committee.

During the past three years, Mr Robinson has not held any ASX listed public company directorships other than Global Mining Investments Limited (appointed 9 December 2005) and Perseverance Corporation Limited (from 12 February 2001 to 26 August 2007).

As Mr Robinson is standing for re-election, Mr Francis will chair the meeting for this item.

*The Board, (other than Mr Robinson) unanimously recommends that Members vote in favour of the resolution to re-elect Mr Robinson.*

#### **Huw Geraint Davies**

##### **Age: 68**

Huw Geraint Davies is a non-executive Director and has served on the board since 15 November 2002. His qualifications include BSc (Hons) and PhD (Geology).

Dr Davies was a Group Chief Executive and Director of BTR Nylex until his retirement in 1994. Since that time he has been involved in the restructuring of the electricity and gas industries and has undertaken distribution / trading project assignments in Asia. He has extensive experience as both an executive and non-executive director of public, private and government businesses. He is currently Chairman of the Goulburn Broken Catchment Management Authority, the Administrator of the SECV and Chairman of its Executive Committee.

*The Board, (other than Dr Davies) unanimously recommends that Members vote in favour of the resolution to re-elect Dr Davies.*

## Special business

### Item 4 Grant of Share Units to Managing Director

The granting of Share Units forms an important part of the Company's executive remuneration policy, details of which are set out in the Company's Remuneration Report. Brenden Mitchell is the only director who is entitled to participate in the Boom Logistics Long Term Incentive Plan (**LTIP**).

Item 4 seeks shareholder approval for the grant of Share Units to Brenden Mitchell, Managing Director of the Company, pursuant to the LTIP, and otherwise on the terms and conditions set out in this notice.

The proposed grant of Share Units is in respect of the 2009 financial year and, subject to shareholder approval, will be granted shortly after the Annual General Meeting.

The value of the Share Units to be granted to Brenden Mitchell for the 2009 financial year will be equivalent to 45% of Brenden Mitchell's 2009 fixed annual remuneration, being a sum of \$285,750. The number of Share Units to be granted to Brenden Mitchell will be calculated by dividing the sum of \$285,750 by the allocation price for each Share Unit (**Allocation Price**), as determined by the Board. The Allocation Price will be the Volume Weighted Average Price (**VWAP**) of the shares in the Company as quoted on ASX for the 5 trading days prior to the date of grant of the Share Units.

ASX Listing Rule 10.14 requires that the maximum number of Share Units that may be acquired by Brenden Mitchell pursuant to the approval in resolution 4 be specified in this Notice of Meeting. The Company cannot accurately estimate the maximum number at this time as the grant date is a future date and the Company cannot predict the share price on a future date. However, if an arbitrary and hypothetical "value" of \$0.40 per Share Unit is adopted, the maximum number of Share Units that would be acquired by Brenden Mitchell would be 714,375. Of course, it is not expected that the actual value per Share Unit will be \$0.40 nor that the actual number of Share Units acquired by Brenden Mitchell will be this maximum number. In summary, the maximum number of Share Units that may be acquired by Brenden Mitchell pursuant to the approval in resolution 4 is 714,375.

Each Share Unit will entitle Brenden Mitchell to receive one share in the Company, subject to the relevant performance condition being satisfied and the Share Unit vesting.

The Share Units will only vest if the relevant performance condition is satisfied. The performance condition for the 2009 grant of Share Units will be tested over a three year performance period, measured from the commencement of the 2010 financial year (i.e. 1 July 2009) and ending on 30 June 2012.

Historically, the performance condition has been based on the growth in the Company's Total Shareholder Return (**TSR**) over the performance period. However, Boom is a capital intensive business that has not performed to its full potential through the trough in the economic cycle. As a result, any market based measure of performance, such as TSR, will be inappropriate as it will set too low a target.

Consequently, for the next three years, the performance condition will be based on the growth in the Company's Return on Capital Employed (**ROCE**) over the performance period. If the Company's ROCE is greater than the after tax Weighted Average Cost of Capital (**WACC**) by 1% or more at the end of the performance period, all Share Units will vest. This both reflects the capital intensive nature of Boom's business and is designed to give shareholders an appropriate return on capital employed over the three year period. A return above WACC at the end of the 3 year period will ensure that shareholders benefit from significant share price improvement and dividends.

ROCE will be determined with reference to Gross Capital Employed. WACC will be determined using the 10 year bond rate as the risk free rate and using data sourced from Bloomfield to determine the average Beta in Boom's industry sector.

### **Other terms**

- (a) The Board will administer the LTIP in accordance with the terms of the Governing Deed (**Terms**) (and any other terms prescribed by the Board for the operation of the LTIP which are consistent with the Terms). The Board may from time to time suspend operation of, or cancel, the LTIP. The suspension or cancellation of the LTIP will not prejudice the existing rights of the Managing Director.
- (b) Subject to the ASX Listing Rules and to specified restrictions in the Terms, the Company may at any time by written instrument or by resolution of the Board, amend all or any of the provisions of the Terms, and make amendments to the Terms, or structure of an offer, as they apply in respect of foreign jurisdictions where such amendments would be appropriate for tax purposes, as determined by the Board.
- (c) The Company has established the Boom Logistics Limited Employee Share Trust (**EST**). The Trustee is Boom Logistics Employee Share Plan Pty Ltd. The beneficial interest in the EST is divided into Share Units.
- (d) The Company makes contributions of shares or advances money in lieu of shares to the EST. Application moneys received and accepted by the Trustee must be used to exclusively acquire shares in the company and allocate those to Share Units in the EST.
- (e) The Company has discretion to determine which employees are invited to apply to the Trustee for Share Units (**Eligible Employee**). Employees who may be invited to participate in the EST are those who are in permanent employment with the Company or an Associated Company and includes any director holding salaried employment. The Company has absolute discretion to determine the number of Share Units to be issued to an Eligible Employee.
- (f) In the case of an offer of Share Units with respect to unissued shares in the Company, the number of shares when aggregated with the number of shares in the same class issued during the previous 5 years pursuant to the EST or any



other employee share plan of the Company must not exceed 5% of the total number of issued shares in that class of the Company as at the time of the offer.

- (g) If members approve the resolution in Item 4, the Company will instruct the Trustee of the EST to allocate ordinary shares for the benefit of Brenden Mitchell as described above.
- (h) All shares will rank pari passu in all respects with the other ordinary shares of the Company from the date of issue.
- (i) Vesting also requires that Brenden Mitchell remains in full time employment with the Company over the three year period.
- (j) At the time Participating Employees wish to redeem or encash their holding, Bonus Share Units are issued by the Trustee to enable full share value to be received including any growth over the holding period. The Company's contribution is limited to the annual issue of ordinary shares in the Company.
- (k) The Share Units provide to Unitholders substantially the same rights in respect of the shares which are allocated to the Share Units as if the Unitholders were the legal owners of the shares, including the rights to:
  - direct the Trustee how the voting rights attached to the shares shall be exercised; and
  - receive the income derived from the shares including dividends declared in respect of the shares.
- (l) It is expected that the Trustee will allocate the shares for the benefit of Brenden Mitchell within 30 days of obtaining member approval of the resolution in Item 4. In any event, any ordinary shares allocated with the benefit of this approval will be issued before the first anniversary of the Annual General Meeting.
- (m) Vesting of the Share Units will be determined at the end of the performance period in 2012, following the announcement of the Company's results for the prior financial year and testing of the performance condition.
- (n) In general, the Share Units are not transferable.
- (o) Any entitlement to Share Units which have not vested will be forfeited if Brenden Mitchell resigns from employment with the Company or ceases employment for any other reason.
- (p) In the event of a takeover, scheme of arrangement or other change of control as determined by the Board in respect of the Company, Share Units may, at the discretion of the Board, vest on a pro rata basis in accordance with an assessment of performance.

### ***Other information***

- (q) The Managing Director has an entitlement to an interest free non-recourse loan to facilitate the LTIP.

The Managing Director is entitled to shares equivalent in value to 45% of his fixed annual remuneration if the performance condition is met. Consequently, these shares are purchased by the Employee Share Plan at the commencement of the performance period each year and sit in trust in the name of the Managing Director until his entitlement to the shares can be determined. Therefore, in effect, these shares are purchased on behalf of the Managing Director by an interest free non-recourse loan.

The shares are purchased and placed into trust at the start of the performance period. At the end of the performance period, if the performance condition is met the shares vest at no cost to the Managing Director. If the performance hurdle is not met, the shares do not vest and the Managing Director receives no shares.

- (r) At an Annual General Meeting of the Company held on 24 October 2008, the members approved the issue of up to 357,187 Share Units to Mr Mitchell under the Company's Employee Share Trust. The Company issued **287,186** Share Units at an issue price of **\$0.995** per Share Unit to Mr Mitchell under the Company's Employee Share Trust.
- (s) As at the date of this Notice, Brenden Mitchell is the only person referred to in ASX Listing Rule 10.14 entitled to participate in the EST.

The Directors (other than Brenden Mitchell) unanimously recommend that shareholders vote in favour of this resolution.

# Questions from Members

Your questions are important to us. Please use this form to submit any questions concerning the Company that you would like us to respond to at the Annual General Meeting and return it by fax number +61 3 9207 2400. Members can also lodge questions on-line at [mtrousdale@boomlogistics.com.au](mailto:mtrousdale@boomlogistics.com.au). We will respond to as many of the more frequently asked questions as possible at the AGM in addition to any other questions which may be raised at the AGM.

If your question is directed to the Company's Auditor, you must submit this form to the company no later than the fifth business day before the date of the AGM, being **Friday 20 November 2009**.

Securityholder's name:.....

Address:.....  
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Securityholder Reference Number (SRN) or Holder Identification Number (HIN):.....

Question(s) (Please indicate if the question is directed to the Company or the Company's auditor):.....  
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