

# Boom Logistics Limited

ACN 095 466 961

## 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 11:00am (AEDT) at Intercontinental Melbourne The Rialto, Rialto 2, 495 Collins Street, Melbourne, Victoria 3000 on Friday, 28 October 2011 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 2011.

#### Item 2 Re-election of Director

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

*“That Terrence Charles Francis, who retires by rotation under rule 5.1 of the Company’s Constitution, and being eligible, be re-elected as a Director of the Company.”*

The Chairman of the Meeting intends to vote all available proxies in **favour** of this resolution.

### Special Business

#### Item 3 Adoption of Remuneration Report

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

*“That the Remuneration Report for the financial year ended 30 June 2011 be adopted.”*

This is a non-binding advisory vote only.

#### **Voting Exclusions Statement:**

The *Corporations Act 2001* (**Corporations Act**) restricts members of the key management personnel (**KMP**) and their closely related parties from voting in relation to item 3 in certain circumstances.

Closely related party is defined in the Corporations Act and includes a spouse, dependant and certain other close family members, as well as any companies controlled by a member of the KMP.

The Company will disregard any votes cast (in any capacity) on the proposed resolution in item 3 by or on behalf of:

- members of the KMP (being the directors and the other KMP as disclosed in the Remuneration Report); and
- closely related parties of those persons,

unless the vote is cast as proxy for a person entitled to vote in accordance with a direction on the proxy form.

#### **What this means for security holders:**

In accordance with the voting exclusion set out above, members of the KMP (including the Chairman of the Meeting) are not permitted to vote undirected proxies on the proposed resolution in item 3.

If you intend to appoint a member of the KMP (such as one of the directors) as your proxy, please ensure that you direct them how to vote on the proposed resolution in item 3.

If you intend to appoint the Chairman of the Meeting as your proxy, you can direct him how to vote by either marking the boxes for item 3 (for example, if you wish to vote against or abstain from voting), or by marking the Chairman's box on the proxy form (in which case you will be deemed to have directed the Chairman of the Meeting to vote in favour of this item of business).

The Chairman of the Meeting intends to vote all available proxies in **favour** of this resolution.

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

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

*“That approval be given for all purposes, including ASX Listing Rule 10.14, 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.”*

#### **Voting Exclusions Statement**

The Corporations Act restricts members of the KMP of the Company and their closely related parties from voting in relation to agenda item 4 in certain circumstances. In addition, a voting restriction applies in respect of this item under the ASX Listing Rules.

The Company will disregard any votes cast on the proposed resolution in item 4 by Brenden Mitchell, or any of his associates, as well as any votes cast as a proxy on this item by a member of the KMP or a KMP's closely related party.

However, the Company need not disregard a vote if it is cast:

- as proxy for a person entitled to vote in accordance with a direction on the proxy form; or
- by the Chair of the meetings as proxy for a person entitled to vote in accordance with a direction on the proxy form to vote as the proxy decides.

**What this means for shareholders:**

In accordance with the voting exclusion set out above, members of the KMP (including the Chairman of the Meeting) are not permitted to vote undirected proxies on the proposed resolution in item 4.

If you intend to appoint a member of the KMP (such as one of the Directors) as your proxy, please ensure that you direct them how to vote on item 4.

If you intend to appoint the Chairman of the Meeting as your proxy, you can direct him how to vote by either marking the boxes for item 4 (for example if you wish to vote against or abstain from voting), or by marking the Chairman's box on the proxy form (in which case you will be deemed to have directed the Chairman of the Meeting to vote in favour of this item of business).

The Chairman of the Meeting intends to vote all available proxies in favour of this resolution.

**By order of the Board.**



**Iona MacPherson**  
**Chief Financial Officer & Company Secretary**

**26 September 2011**

## Appointment of proxy

If you are unable to attend the meeting, you are encouraged to appoint a proxy to attend and vote on your behalf. If you wish to appoint a proxy, please complete the enclosed form 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.
- A member may specify the way in which the proxy is to vote on the resolution or may allow the proxy to vote at his or her discretion. However, the Company's key management personnel (which includes each of the Directors) (**KMP**) and their closely related parties will not be able to vote a member's proxy on items 3 and 4 unless the member specifies how to vote. "Closely related party" is defined in the Corporations Act and includes a spouse, dependant and certain other close family members, as well as any companies controlled by the KMP.
- If a member intends to appoint a member of the KMP as proxy, the member must ensure the proxy is directed how to vote on items 3 and 4. If a member intends to appoint the Chairman of the Meeting as proxy, the member can direct him by either marking the boxes for items 3 and 4, or by marking the Chairman's box on the Proxy Form (in which case the Chairman of the Meeting will vote in favour of these items of business);
- Any directed proxies that are not voted on a poll at the meeting will automatically default to the Chair of the meeting who is required to vote proxies as directed.
- 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. On a show of hands, a proxy holder may not vote if more than one proxy holder attends the Meeting and on a poll, each proxy may only exercise votes in respect of those shares or voting rights the proxy represents.
- 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.
- A form of appointment of proxy is enclosed. To be effective, the document appointing the proxy holder (and if the appointment is signed or executed by the appointor's attorney, the authority under which the appointment was signed or a certified copy of the authority), must be received by the Company at least 48 hours before the scheduled time for the meeting, that is by 11:00am (AEDT) on Wednesday, 26 October 2011.
- The documents will be received by the Company when they are received at the Share Registry at Computershare Investor Services Pty Limited, 452 Johnston Street, Abbotsford, Victoria 3067 or fax number 1800 783 447 (within Australia) or +61 3 473 2555 (outside Australia)
- **Custodian voting** - For Intermediary Online subscribers only (custodians) please visit [www.intermediaryonline.com](http://www.intermediaryonline.com) to submit your voting intentions.

### **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 7:00pm (AEDT) on Wednesday, 26 October 2011. Accordingly, share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the Annual General Meeting.

### **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 2011**

The Annual Report 2011 will be sent to members 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 2011 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 2011,

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 Election and re-election of Directors

In accordance with Article 5.1 of the Company's constitution and ASX Listing Rule 14.4, 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.

Mr Francis is required to retire at this Annual General Meeting, and being eligible, offers himself for re-election.

Further information in relation to Mr Francis is as follows:

#### **Terrence Charles Francis**

**Age: 65**

Member of the Audit & Risk Committee.

Mr Francis has served on the Board since his appointment on 13 January 2005, and holds many qualifications, including B.E (Civil), MBA, FIE Aust, FAICD, F Fin and MAIME.

Mr Francis is currently a Non-executive Director of the Emergency Services Telecommunications Authority, ANZ Specialist Asset Management Limited and NBN Company Limited. Mr. Francis has extensive experience in resources and infrastructure development, and in finance as Vice President of Continental Illinois Bank, Executive Director of Deutsche Bank Australia, and Chief Executive Officer of Bank of America in Australia.

During the past three years, Mr. Francis has held an ASX listed public company directorship with Nylex Limited (appointed 30 October 2003, retired October 2008).

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

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

## Special Business

### Item 3 Adoption of 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 and Group Executives, each Director and for each of the other key management personnel of the Company. In addition, the Remuneration Report must describe Board policy in respect of remuneration and its relationship to the Company's performance and provide 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 3, 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.*

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

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

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 (**the Plan**).

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

The proposed grant of Share Units is in respect of the 2011 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 Mr Mitchell for the 2011 financial year will be equivalent to 45% of Mr Mitchell's 2011 fixed annual remuneration, being a sum of \$317,250. The number of Share Units to be granted to Mr Mitchell will be calculated by dividing the sum of \$317,250 by the allocation price for each Share Unit (**Allocation Price**), as determined by the Board. Under the Plan rules, the Allocation Price is 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. Notwithstanding the actual VWAP calculation, it has been agreed that the Allocation Price will be a minimum of 30c per Share Unit. This means that the number of Share Units that may be granted to Mr Mitchell may be less than (but not more than) the number that would otherwise be granted pursuant to the Plan rules.

ASX Listing Rule 10.14 requires that the maximum number of Share Units that may be acquired by Mr Mitchell pursuant to the approval in item 4 be specified in this Notice of Meeting. It is proposed that Mr Mitchell be awarded a total of up to 1,057,500 Share Units in accordance with the Plan.

Each Share Unit will entitle Mr 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 2011 grant of Share Units will be tested over a three year performance period, measured from the commencement of the 2012 financial year (i.e. 1 July 2011) and ending on 30 June 2014.

The performance condition for Mr Mitchell's grant is 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 information***

- (a) 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 Trust (**EST**) 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 by the EST 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.

- (b) At an Annual General Meeting of the Company held on 29 October 2010, the members approved the issue of up to 750,000 Share Units to Mr Mitchell under the Company's EST. Following the meeting, the Company issued 650,433 Share Units at an issue price of \$0.467 per Share Unit to Mr Mitchell under the Company's EST. This was the only issue of shares made to a director of the Company or an associate of a director under the Company's EST since the last approval on 29 October 2010.
- (c) 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 Mr Mitchell as described above.
- (d) Vesting of the Share Units will be determined at the end of the performance period in 2014, following the announcement of the Company's results for the prior financial year and testing of the performance condition.
- (e) It is expected that the Trustee will allocate the shares for the benefit of Mr 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.
- (f) As at the date of this Notice, Mr Mitchell is the only person referred to in ASX Listing Rule 10.14 entitled to participate in the EST.

#### ***Key terms of the Plan***

- (a) The Board will administer the Plan in accordance with the terms of the Governing Deed (**Terms**) (and any other terms prescribed by the Board for the operation of the Plan which are consistent with the Terms). The Board may from time to time suspend operation of, or cancel, the Plan. The suspension or cancellation of the Plan will not prejudice the existing rights of Participating Employees.
- (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) All shares will rank pari passu in all respects with the other ordinary shares of the Company from the date of issue.
- (h) Vesting also requires that Participating Employees remain in full time employment with the Company over the performance period.
- (i) At the time Participating Employees wish to redeem or encash their holding, Bonus Share Units are issued by the Trustee if necessary 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.
- (j) 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
- (k) Any entitlement to Share Units which have not vested will be forfeited if Participating Employees resign from employment with the Company or cease employment for any other reason.
- (l) In general, the Share Units are not transferable.
- (m) 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.
- (n) The Share Units will only vest if the relevant performance condition is satisfied.

*The Board (other than Mr Mitchell) unanimously recommend that members vote in favour of this resolution.*

The Chairman of the Meeting intends to vote all available proxies 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 either email or fax:

Email: [mtrousdale@boomlogistics.com.au](mailto:mtrousdale@boomlogistics.com.au)

Fax: +61 3 9207 2400.

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, 21 October 2011.

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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