

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Bradken Limited, (the “Company”), will be held at the Global Corporate Centre of the Company at 20 McIntosh Drive, Mayfield West, New South Wales on 10<sup>th</sup> November 2015 at 2.30 p.m. (Sydney time).

### AGENDA

#### Ordinary Business

##### 1. Financial Reporting

To receive and consider the Financial Report of the Company and the consolidated entity, the Directors’ Report and Auditor’s Report for the financial year ended 30 June 2015.

*There is no vote on this item.*

##### 2. Remuneration Report

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

To adopt the Remuneration Report of the Company for the financial year ended 30 June 2015.

*Under the Corporations Act 2001 (Cth) (“Corporations Act”), this resolution is advisory only and does not bind the Directors or the Company.*

##### **Voting exclusion statement**

A vote must not be cast (in any capacity) on Resolution 2 by or on behalf of a member of the Company’s key management personnel (including the Directors), details of whose remuneration are included in the Remuneration Report (“KMP”) or their closely related parties, whether as a shareholder or as a proxy. However, a vote may be cast on Resolution 2 by a KMP, or a closely related party of a KMP, if the vote is cast as a proxy appointed in writing that specifies how the proxy is to vote on Resolution 2, and the vote is not cast on behalf of a KMP or a closely related party of a KMP.

If you appoint the Chairman of the meeting as your proxy, and you do not direct your proxy how to vote on Resolution 2 on the proxy form, you will be expressly authorising the Chairman of the meeting to exercise your proxy even if Resolution 2 is connected directly or indirectly with the remuneration of a member of the KMP of the Company, which includes the Chairman of the meeting.

The Chairman of the meeting intends to vote undirected proxies in favour of Resolution 2.

##### 3. Re-election of Directors

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

- That Mr Peter Richards, who retires by rotation in accordance with Article 9.3 of the Company’s Constitution, be re-elected as a Director of the Company.*
- That Dr Eileen Doyle, who retires by rotation in accordance with Article 9.3 of the Company’s Constitution, be re-elected as a Director of the Company.*

#### Special Business

##### 4. Approval of issue of redeemable convertible preference shares and ordinary shares

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

*That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, the shareholders of the Company approve the issue of the redeemable convertible preference shares (“RPS”) in the capital of Bradken RPS Pty Limited (“Bradken RPS”) which have been issued, or may be issued, by Bradken RPS, and may be converted into Shares by the holders of the RPS, and any fully paid ordinary shares (“Shares”) in the capital of the Company upon conversion of the RPS,*

*on the terms set out in the Explanatory Notes on Items of Business accompanying the Notice of Meeting convening this meeting.*

##### **Voting exclusion statement**

The Company will disregard any votes on Resolution 4 by any person who may participate in the issue of the RPS and/or Shares and any person who might obtain a benefit, except a benefit solely in the capacity the holder of ordinary securities, if Resolution 4 is passed, and any associate of those persons.

However, the Company need not disregard a vote on Resolution 4 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.

For further information, please refer to the Explanatory Notes which form part of this Notice of Meeting.

By order of the Board



**Steven Perry**  
**Company Secretary**

2 October 2015

##### **Notes on voting:**

##### **Eligibility**

*For the purpose of determining a person’s entitlement to vote at the meeting, a person will be recognised as a member and the holder of shares if that person is registered as a holder of those shares at 7.00pm (Sydney time) on 8<sup>th</sup> November 2015.*

*Transaction registered after that time will be disregarded in determining the shareholders entitled to attend and vote at the meeting.*

##### **Proxies**

*A member entitled to attend and vote at a meeting of shareholders is entitled to appoint a proxy.*

*A member who is entitled to cast two or more votes is entitled to appoint two proxies. If two proxies are appointed by a member, that member may specify the proportion or number of votes each proxy is appointed to exercise. If a member appoints two proxies and the appointment does not specify the proportion or number of the member’s votes each proxy may exercise, each proxy may exercise half the votes.*

*A proxy need not be a member of the Company and can be an individual or a body corporate.*

*A proxy form and the power of attorney or authority (if any) under which it is signed or a copy of the power of attorney or authority certified as a true copy by statutory declaration, must be duly completed and returned to the Company’s Share Registry Link Market Services Limited:*

- at Level 12, 680 George Street, Sydney South, NSW 2000, fax number: 02 9287 0309; or*

- lodge your vote online at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)*

*by no later than 2.30 p.m. (Sydney time) on 8<sup>th</sup> November 2015. Any proxy form received after this deadline (including at the Annual General Meeting) will be invalid.*

## EXPLANATORY NOTES

### Item 1: Financial Reporting

As required by section 317 of the Corporations Act, the Financial Report of the Company (including consolidated financial statements of the Company and its controlled entities (“**Group**”)), the Directors’ Report and the Auditor’s Report for the most recent financial year will be laid before the meeting. Shareholders will be provided with the opportunity to ask questions about the reports or about the Company or the Group generally but there will be no formal resolution put to the meeting. The Auditor will be available at the meeting to answer any questions in relation to the Auditor’s Report or the conduct of the audit of the Financial Report.

### Item 2: Remuneration Report

Listed companies are required to put the Remuneration Report relating to director and executive remuneration for each financial year to a resolution of shareholders at their annual general meeting. The Remuneration Report is included in Section 2 on page 9 of the Company’s Annual Report, which accompanies this Notice of Meeting. Shareholders will have the opportunity to ask questions and comment on the Remuneration Report at the Annual General Meeting.

The vote on this resolution is advisory only and does not bind the Directors or the Company. Nevertheless, the Board will take into account the outcome of the vote when considering the future remuneration arrangements of the Company.

Due to the “two strikes rule” in the Corporations Act, votes against this resolution could lead to an extra meeting to elect Directors next year. If 25% or more of the votes cast on the resolution are voted against adoption of the Remuneration Report at two consecutive Annual General Meetings (the first and second “strikes”), a “spill resolution” must be put to shareholders at that second Annual General Meeting as to whether a further meeting should be held at which all Directors (other than the Managing Director) cease to hold office but may stand for reelection (“**spill meeting**”). As there was no “strike” last year, this will not impact on this year’s Annual General Meeting or director election.

The Company’s remuneration structure is designed to align executive a shareholder interests, retain talent and support long term value creation by providing competitive remuneration and valuable rewards for exceptional performance. The Company obtains independent input to confirm the appropriateness of these arrangements.

In summary, the Remuneration Report:

- explains the Board’s policy for determining the nature and amount of remuneration of Directors, secretaries and senior managers of the Company;
- explains the relationship between the Board’s remuneration policy and the Company’s performance;
- details and explains any performance conditions applicable to the remuneration of Directors, secretaries and senior managers of the Company; and
- sets out remuneration details for each Director and the 5 most highly remunerated senior executives of the Company, and for the 5 most highly remunerated senior executives of the Group (including the value of any options granted to those persons).

Noting that each Director has a personal interest in their own remuneration from the Company as set out in the Remuneration Report, the Board unanimously recommends that shareholders vote in favour of adopting the Remuneration Report.

### Items 3(a) and 3(b): Re-Election of Directors

Under Article 9.3 of the Constitution of the Company dealing with the rotation of Directors, Mr Peter Richards and Dr Eileen Doyle will retire from office at the 2015 Annual General Meeting. Being eligible, each of them offer themselves for re-election.

Following are short biographies of the Directors standing for re-election.

#### **Mr Peter Richards- Independent Non-Executive Director**

Mr Richards was appointed to the Board on 11 February 2009. He is a member of the Audit and Risk Committee.

Mr Richards has over 30 years of business and international experience with global companies including BP plc, Wesfarmers Ltd, Dyno Nobel Limited and Norfolk Holdings Limited. During his time with Dyno Nobel,

he successfully lead (through challenging times) the Asia Pacific operation based in Sydney followed by the North American business unit based in Utah, USA. After becoming CEO, he expanded the business into China, Southern Africa and Europe while continuing to build upon its core Australian and North American operations. Mr Richards is currently the Chairman of NSL Consolidated Limited and Cockatoo Coal Limited, and a Non-Executive Director of Emeco Holdings Limited and Sedgman Limited.

Mr Richards holds a Bachelor of Commerce from the University of Western Australia.

#### **Dr Eileen Doyle - Independent Non-Executive Director**

Dr Doyle was appointed to the Board on 1 July 2011. She is a member of the Audit and Risk Committee and the Chairman of the Human Resources Committee.

Dr Doyle has over 30 years of business experience in the materials and water industries in Australia, including senior executive roles in BHP, Hunter Water and CSR. She was a founding Director of OneSteel and on the board for 10 years. She was Chairman of Port Waratah Coal Services for 11 years. She is currently Chairman of the Hunter Valley Research Foundation, Deputy Chairman of the CSIRO and a Director of Boral Group Limited, GPT Group Limited and various other private companies.

Dr Doyle has a PhD in Applied Statistics from the University of Newcastle, is a Fulbright Scholar and has an Executive MBA from Columbia University Business School.

### Item 4: Approval of issue of redeemable convertible preference shares and ordinary shares

#### **Background**

On 26 June 2015 the Company announced that:

- a consortium of Sigdo Koppers S.A. (“**SK**”) and funds advised by CHAMP III Management Pty Limited (the “**Consortium**”) had agreed to an investment of approximately \$70 million in the Company, by way of redeemable convertible preference shares (“**RPS**”) issued by a wholly owned subsidiary of the Company, Bradken RPS Pty Limited (“**Bradken RPS**”); and
- the Consortium had approached the Board regarding a possible merger between the Company and SK’s wholly-owned subsidiary, the Magotteaux Group.

The RPS were issued to the Consortium on 30 June 2015.

The proceeds from the issue of the RPS were used to pay down senior debt. The RPS is classed as subordinated debt under the Company’s banking agreements and does not form part of net debt for covenant purposes. As a result, the RPS has improved the gearing ratio (net debt / EBITDA) and provided the Company with a substantial increase in operating flexibility.

#### **Key terms of the RPS**

A summary of the key terms of the Investment Agreement entered into by the Company, Bradken RPS and the Consortium for the purposes of the investment (“**Investment Agreement**”), as well as the RPS, are annexed to this document. A complete copy of the Investment Agreement, as well as the full terms of the RPS, were released by the Company to ASX on 1 July 2015.

In particular, it should be noted that:

- (**Issue of shares on conversion**) Each holder of RPS has the right to convert the RPS for fully paid ordinary shares in the capital of the Company (“**Shares**”) in the period between the date of a “Merger Termination Event” and the later of 18 months from the date of issue of RPS (ie. 30 June 2015) and 12 months from the date of a “Merger Termination Event” (“**Conversion Right**”). As announced to ASX on 7 September 2015, a “Merger Termination Event” for the purpose of the Investment Agreement occurred on 5 September 2015.

Any conversion is based on a conversion price of A\$2.00 (“**Conversion Price**”). The Conversion Price is subject to adjustment:

- based on customary anti-dilution provisions; and
- where a holder of RPS or an associate or affiliate of a holder of RPS makes a takeover offer for the Company or

enters into an implementation agreement for a scheme of arrangement with the Company at a higher price or value to the Conversion Price.

The obligation on the Company to issue Shares is conditional on either:

- the Company having placement capacity to do so without obtaining shareholder approval under ASX Listing Rule 7.1; or
- the Company obtaining shareholder approval for the issue of the Shares.

To the extent the Company requires, but does not obtain, shareholder approval for an issue of Shares on a conversion, the conversion will be cash settled for an amount calculated in accordance with the terms of the Investment Agreement and reflecting the value of the Shares that would have been issued on conversion.

- **(Issue of RPS in connection with a distribution)** Each holder of RPS will receive semi-annual dividends in cash. However, for the first 2 dividend periods following the issue of RPS, Bradken RPS may satisfy the dividend payment by issuing additional RPS to the holders of the RPS (“**PIK Right**”). These additional RPS may be converted into Shares on the terms described above.

### ASX Listing Rules

ASX Listing Rule 7.1 imposes a limit on the number of equity securities (including ordinary shares) that a company can issue or agree to issue without shareholder approval. Generally, a company may not, without shareholder approval, issue in any 12 month period, a number of equity securities which is more than 15% of the number of fully paid ordinary shares on issue 12 months before the issue.

The number of equity securities that may be issued by a company under ASX Listing Rule 7.1 without shareholder approval is not impacted by equity securities which are issued under an exception contained in ASX Listing Rule 7.2 or which have received shareholder approval.

### Why are we seeking shareholder approval?

Under the Investment Agreement the Company gave an undertaking to the Consortium that at its next general meeting it would seek shareholder approval for the issue of all Shares on exercise of the Conversion Right and that its directors would recommend in favour of shareholder approval of such a resolution.

The approval of shareholders is being sought to satisfy the above undertaking.

If Resolution 4 is passed, the Company will be able to issue Shares on exercise of the Conversion Right in respect of the RPS which have already been issued, as well as any additional RPS that are issued on exercise of the PIK Right.

### Information required by ASX Listing Rule 7.3

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided:

- the maximum number of RPS that may be issued is equal to 757,279.

The maximum number of Shares that may be issued is equal to the aggregate issue price of all RPS on issue divided by the Conversion Price.

On 30 June 2015 700,000 RPS were issued with an aggregate issue price of \$70,000,000. Based on the current Conversion Price, these may be converted into 35,000,000 Shares.

If Bradken RPS exercises the PIK Right in respect of the first 2 dividend periods following the issue of RPS, an additional 57,279

RPS (“**Additional RPS**”) would be issued. Based on the current Conversion Price, these additional RPS may be converted into 2,863,950 Shares.

Therefore, as at the date of this document, the maximum number of:

- RPS that Bradken RPS may issue is 757,279; and
- Shares that the Company may issue is 37,863,950.

As stated above, the number of Shares that may be issued is based on the Conversion Price which is subject to adjustment as described above. Therefore, the actual maximum number of Shares that the Company may issue may be more than, or less than, 37,863,950 Shares;

- for the purposes of ASX Listing Rule 7.3.2, 700,000 RPS were issued by Bradken RPS on 30 June 2015. The Additional RPS and the Shares to which this approval relates are treated as having been issued on the date Resolution 4 is passed;
- for the purposes of ASX Listing Rule 7.3.3, the issue price of the RPS is \$100 and the issue price of the Shares will be taken to be the Conversion Price;
- the RPS that were issued on 30 June 2015 were issued to the following persons:
  - Perpetual Trustee Company Limited (ACN 000 001 007) as trustee of the CHAMP Buyout III Trust;
  - Perpetual Corporate Trust Limited (ACN 000 341 533) as trustee of the CHAMP Buyout III (SWF) Trust;
  - P.T. Limited (ACN 004 454 666) as trustee of the CHAMP Buyout III (WW) Trust;
  - CHAMP Buyout III Pte Ltd (Registration No. 200909086E); and
  - SK.

The Additional RPS (if any) will be issued to those persons holding RPS at the time the relevant dividend payment was required to be made.

The Shares will be issued to the holders of the RPS who elect to exercise the Conversion Right. As at the date of this document, the RPS are held by the persons listed above.

However, the Investment Agreement permits the transfer of RPS in certain circumstances. Therefore, the Shares may be issued to persons other than those listed above;

- a summary of the terms of the RPS are annexed to this document. The full terms of the RPS were released by the Company to ASX on 1 July 2015.
- Shares will be issued on the same terms and conditions as the Company’s existing Shares; and
- proceeds from the issue of the RPS were used to pay-down debt and increase operating flexibility for the business of the Company.

No additional funds will be raised by the issue of any Additional RPS. However, the issue of those securities will extinguish in whole or in part (as applicable) the requirement for Bradken RPS to make a cash payment to the holders of the RPS in respect of the relevant dividend.

No additional funds will be raised by the issue of the Shares.

### Recommendations of the Board

The Board considers that the approval of the issue of the RPS and the Shares described above is beneficial for the Company. Accordingly, the Board recommends that shareholders vote in favour of Resolution 4.

## ANNEXURE - KEY TERMS OF RPS

Bradken Limited (“**Company**”), Bradken RPS Pty Limited (“**Bradken RPS**”) and the Investors entered into an Investment Agreement on 26 June 2015 (“**Investment Agreement**”) under which each Investor has agreed to subscribe for, and Bradken RPS has agreed to issue to each Investor, redeemable convertible preference shares in the capital of Bradken RPS (“**RPS**”).

An outline of the key terms of the Investment Agreement and the RPS is set out below.

Item	Details															
1 <b>Issuer</b>	Bradken RPS Pty Limited, a wholly owned subsidiary of the Company.															
2 <b>Guarantee</b>	The Company guarantees Bradken RPS’s performance of its obligations under or in connection with the Investment Agreement and the terms of issue of the RPS.															
3 <b>Securities and subscription price</b>	<p>Sigdo Koppers S.A. (“<b>SK</b>”) subscribed for 140,000 RPS and paid an aggregate subscription price of A\$14,000,000. Funds advised by CHAMP III Management Pty Limited (“<b>CHAMP Investors</b>”) subscribed for 560,000 RPS and paid an aggregate subscription price of A\$56,000,000.</p> <p>Bradken RPS paid to SK and the CHAMP Investors (together, the “<b>Investors</b>”) (in aggregate) a fee of A\$2,100,000 at completion of the subscription and issue of the RPS.</p>															
4 <b>Distributions</b>	<p><b>Distribution entitlement</b></p> <p>Each holder of RPS will receive semi-annual dividends in cash, although for the first 2 dividend periods following the issue of RPS Bradken RPS may satisfy the dividend payment by issuing additional RPS to the holders of the RPS (“<b>PIK</b>”).</p> <p>The dividend rate for each RPS is set out in the table below.</p> <table border="1"><thead><tr><th>Period</th><th>Rate (PIK) (per annum)</th><th>Rate (cash) (per annum)</th></tr></thead><tbody><tr><td>&lt; 12 months</td><td>8%</td><td>7.5%</td></tr><tr><td>12 to 24 months</td><td>N/A</td><td>9%</td></tr><tr><td>24 to 36 months</td><td>N/A</td><td>11%</td></tr><tr><td>&gt; 36 months</td><td>N/A</td><td>13%</td></tr></tbody></table> <p>If all of the RPS are not redeemed on or before the date that is the earlier of:</p> <ul style="list-style-type: none"><li>(a) the date that is 5 business days after the last settlement date of any broad based capital raising; and</li><li>(b) 30 June 2020,</li></ul> <p>the dividend rate for each distribution period commencing after that time will be increased by 5% per annum above the corresponding rate set out in the table above.</p> <p><b>Dividend restrictions</b></p> <p>Each of the Company and Bradken RPS may only pay a dividend, or make any other type of distribution, on any class of its shares (in the case of the Company) or its non RPS shares (in the case of Bradken RPS) if, prior to any such payment, the Company has procured that all RPS dividend amounts that are due and payable prior to the proposed dividend payment date are paid in priority to the payment of the dividend to the holders of ordinary shares or non RPS Shares (as applicable).</p> <p>If all of the RPS are not redeemed or converted on or before the date of the 5% distribution step up referred to above, the Company must not pay or announce the payment of a dividend on its ordinary shares before the date on which all of the RPS are redeemed.</p>	Period	Rate (PIK) (per annum)	Rate (cash) (per annum)	< 12 months	8%	7.5%	12 to 24 months	N/A	9%	24 to 36 months	N/A	11%	> 36 months	N/A	13%
Period	Rate (PIK) (per annum)	Rate (cash) (per annum)														
< 12 months	8%	7.5%														
12 to 24 months	N/A	9%														
24 to 36 months	N/A	11%														
> 36 months	N/A	13%														
5 <b>Conversion right</b>	<p>Each Investor has the right to convert the RPS for ordinary shares in the capital of the Company in the period between the date of termination of merger discussions between the Company and SK and the later of 18 months from the date of issue of RPS and 12 months from the date of termination of merger discussions. Any such conversion is based on a conversion price of A\$2.00. The conversion price is subject to adjustment based on customary anti-dilution provisions.</p> <p>The obligation on the Company to issue ordinary shares in the capital of the Company is conditional on either:</p> <ul style="list-style-type: none"><li>(a) the Company having placement capacity to do so without obtaining shareholder approval under ASX Listing Rule 7.1; or</li><li>(b) the Company obtaining shareholder approval for the issue of the ordinary shares.</li></ul> <p>To the extent the Company requires, but does not obtain, shareholder approval for an issue of ordinary shares to an Investor on a conversion, the conversion will be cash settled for an amount calculated in accordance with the terms</p>															

	of the Investment Agreement.
<b>6 Financial covenants</b>	None
<b>7 Term</b>	Perpetual, with the redemption rights set out below.
<b>8 Redemption</b>	<p>Bradken RPS has the right (but not the obligation) to redeem all of the RPS:</p> <ul style="list-style-type: none"> <li>(a) at any time after the termination of merger discussions between the Company and the Consortium, in which case the redemption amount will be equal to 102% of the issue price plus accrued but unpaid distributions;</li> <li>(b) if the Company undertakes a broad based capital raising;</li> <li>(c) if any 1 or more of an Investor or an affiliate or associate of an Investor acquires control of the Company through a change of control transaction, in which case the redemption amount will be equal to 102% of the issue price plus accrued but unpaid distributions;</li> <li>(d) after 30 June 2020; and</li> <li>(e) on any other date agreed between Bradken RPS and the holders of the RPS.</li> </ul> <p>Bradken RPS also has the right (but not the obligation) to redeem RPS where an Investor proposes to transfer the RPS to a vulture fund or any other entity that principally invests in 'loan to own' debt.</p> <p>Other than as specified above, the redemption amount for an RPS is equal to the issue price plus accrued but unpaid distributions.</p> <p>Under the first 2 redemption events above the holder of the RPS has the opportunity to convert the RPS (if entitled to do so) before the redemption takes effect.</p>
<b>9 Dealing with RPS</b>	<p>An Investor may only transfer RPS it holds:</p> <ul style="list-style-type: none"> <li>(a) to an affiliate of an Investor or to another Investor;</li> <li>(b) to a vulture fund or any other entity that principally invests in 'loan to own' debt if, on receipt from an Investor of a notice of intention to transfer RPS to such a fund or entity, Bradken RPS has the right to redeem the RPS or find an alternative acquirer within 10 business days (with such alternate transaction to be able to complete in accordance with its terms within such 10 business day period);</li> <li>(c) to any other person, if the relevant Investor has first consulted with the Company for a period of at least 10 business days prior to the date of the transfer; or</li> <li>(d) to any person at any time while a defined "event of default" is subsisting or following the delivery of a conversion notice by that Investor.</li> </ul> <p>An Investor must not transfer its RPS to any person while negotiations between the Investors and the Company in respect of the proposed merger are subsisting.</p>
<b>10 Alternate proposal</b>	<p>If a recommended takeover offer or scheme of arrangement is announced in the period between the date of the Investment Agreement and the date that is 6 months after the termination of merger discussions between the Company and SK, the Investors must (and must procure that each of their respective affiliates):</p> <ul style="list-style-type: none"> <li>(a) either: <ul style="list-style-type: none"> <li>(i) in the case of a takeover offer, accept, or procure the acceptance of, the takeover offer in respect of all of the ordinary shares in the capital of the Company which it then holds as a result of a conversion on or before the date which is 8 days before the last day of the initial offer period for the takeover offer, whether or not that date is within 6 months after the termination of merger discussions; or</li> <li>(ii) in the case of a scheme of arrangement, vote, or procure the voting of, all of the ordinary shares in the capital of the Company which it then holds as a result of a conversion in favour of that scheme of arrangement and any related resolutions which are required in connection with the implementation of the scheme of arrangement, whether or not that vote is held within 6 months after the termination of merger discussions; and</li> </ul> </li> <li>(b) not take any action that could frustrate the completion of the takeover offer or scheme of arrangement (as applicable).</li> </ul> <p>If prior to the required date for acceptance of the takeover offer, the board of the Company receives a superior proposal which is capable of acceptance by holders of ordinary shares, each Investor and their affiliates may accept the superior proposal in respect of all the ordinary shares which it then holds as a result of a conversion.</p> <p>The above obligations do not apply if a defined "event of default" is subsisting.</p>

