



GRD

GRD Limited

ACN 009 201 754

**NOTICE OF ANNUAL GENERAL MEETING
and EXPLANATORY STATEMENT**

2008 Annual General Meeting

**to be held at the Conference Room,
Level 8, Exchange Plaza, 2 The Esplanade, Perth, Western Australia
on 22 May 2008 commencing at 2.00pm (WST)**

Please read this Notice of Annual General Meeting and accompanying Explanatory Statement in their entirety and if you are unable to attend the Annual General Meeting please complete and return the enclosed Proxy Form in accordance with the specified directions.

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NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 2008 Annual General Meeting of Shareholders of GRD Limited ("GRD" or "Company") will be held in the Conference Room, Level 8, Exchange Plaza, 2 The Esplanade, Perth, Western Australia, on 22 May 2008 at 2.00pm (WST).

ORDINARY BUSINESS

Financial Statements

To receive and consider the Financial Statements for the year ended 31 December 2007 together with the Auditor's Report and Directors' Report for that period.

Re-election of Director

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

1. "That Mr Bruce Thomas, having retired as a Director by rotation in accordance with Article 9.3 of the Constitution, and being eligible, be re-elected."

Election of Directors

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

2. "That Dr Christopher Pointon, who was appointed as a Director on 3 December 2007 by the Board and who holds office until the conclusion of the Annual General Meeting in accordance with Article 9.8 of the Constitution of the Company, and being eligible, be elected."
3. "That Mr Richard Linnell, who was appointed as a Director on 31 March 2008 by the Board and who holds office until the conclusion of the Annual General Meeting in accordance with Article 9.8 of the Constitution of the Company, and being eligible, be elected."

Remuneration Report

To consider and, if thought fit, pass the following advisory only **non-binding resolution**:

4. "That the Remuneration Report for the year ending 31 December 2007 be adopted."
Note: The vote on this resolution is advisory only.

SPECIAL BUSINESS

Issue of Options to Senior Managers and Executives

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

5. "That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, the Company approve the issue of up to 3,000,000 Options to senior managers and executives of the Company for the prices, on the terms and for the purposes set out in the Explanatory Statement accompanying the Notice of Annual General Meeting."

Non-Executive Directors' Fees

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

6. "That for the purposes of Article 9.9(a) of the Constitution, ASX Listing Rule 10.17 and for all other purposes, the pool of fees payable to non-executive Directors for their services as Directors each year be increased from \$400,000 to \$600,000."

OTHER BUSINESS

To transact any other business that may be legally brought before the meeting.



VOTING EXCLUSION STATEMENT

The Company will disregard any votes cast:

- (a) on **Resolution 5** by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a security holder, if the resolution is passed, and any of their associates; and
- (b) on **Resolution 6** by a Director or any of their associates.

However the Company will 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
- 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.

VOTING ENTITLEMENT

The Board has determined in accordance with the Constitution and the Corporations Regulations that a person's entitlement to vote at the Annual General Meeting will be taken to be the entitlement of that person shown in the Register of Members at 2.00 pm (WST) on Tuesday 20 May 2008. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

PROXIES

Please note that:

- (a) a Shareholder entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a member of the Company;
- (c) a Shareholder may appoint a body corporate or an individual as its proxy;
- (d) a body corporate appointed as a Shareholder's proxy may appoint an individual as its representative to exercise any of the powers that the body may exercise as the Shareholder's proxy; and
- (e) Shareholders entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed proxy form provides further details on appointing proxies and lodging proxy forms. If a Shareholder appoints a body corporate as its proxy and the body corporate wishes to appoint an individual as its representative, a certificate of appointment of corporate representative should be completed and lodged in the manner specified below.

CORPORATE REPRESENTATIVE

Any corporate holder of the Company's Shares who has appointed a person to act as its corporate representative at the Annual General Meeting should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative. The authority may be sent to the Company or its Share registry in advance of the Annual General Meeting or handed in at the meeting when registering as a corporate representative.

By Order of the Board

SIMON CATER
Company Secretary

18 April 2008

EXPLANATORY STATEMENT TO THE NOTICE OF ANNUAL GENERAL MEETING TO BE HELD ON 22 MAY 2008

INTRODUCTION

1. BACKGROUND

This Explanatory Statement is presented to Shareholders to provide them with information concerning each of the resolutions to be considered at the Company's 2008 Annual General Meeting.

The purpose of the Annual General Meeting is to achieve the following:

- conduct the ordinary business of the Company's Annual General Meeting; and
- conduct special business, being the approval to issue Options to certain senior managers and executives of GRD and setting the remuneration pool for non-executive Directors of the Company.

Each of the resolutions to be considered by Shareholders are ordinary resolutions requiring the approval of 50% of Shareholders present in person, or by an attorney, representative or proxy at the Annual General Meeting.

The purpose of this Explanatory Statement is to provide Shareholders with all information known to the Company that is material to a decision on how to vote on the resolutions in the accompanying Notice of Annual General Meeting. This Explanatory Statement should be read in conjunction with the Notice of Annual General Meeting.

RESOLUTIONS 1, 2, 3 & 4 ORDINARY BUSINESS

2. RE-ELECTION OF DIRECTOR (Resolution 1)

In accordance with ASX Listing Rules and Article 9.3 of the Constitution, at every Annual General Meeting, one third of the Company's Directors must retire from office and are eligible for re-election. The Directors to retire are those who have been longest in office since their last re-appointment. In the case of equality in this respect, the Directors to retire, unless they agree among themselves, will be determined by lot.

On this basis Mr Bruce Thomas retires and offers himself for re-election.

Brief biographical details of Mr Thomas are set out below:

Mr Bruce Thomas

Mr Thomas is a Chartered Accountant, a Chartered Secretary and an Associate of the Securities Institute of Australia. Mr Thomas has substantial experience in capital markets and funds management. He is Chairman of the Audit and Risk management Committee and a member of the Remuneration and Nomination Committee.

The Board, excluding Mr Thomas, recommends that Shareholders vote in favour of the re-election of Mr Thomas.

3. ELECTION OF DIRECTORS (Resolutions 2 and 3)

It is a requirement under the Constitution that any Director appointed by the Board to fill a casual vacancy during the year only hold office until the next annual general meeting of Shareholders, at which time the Director can offer himself for election.

On this basis:

- (a) Dr Christopher Pointon, who was appointed as Director of the Company on 3 December 2007, retires and offers himself for election; and
- (b) Mr Richard Linnell, who was appointed as Director of the Company on 31 March 2008, retires and offers himself for election.

Brief biographical details of Dr Pointon and Mr Linnell are set out below.

Dr Christopher Pointon

Dr Pointon has extensive international experience in the resources sector and a track record in building and managing new organisations. A career mining executive, Dr Pointon has over 30 years' experience covering Australia, Latin America, Europe and Asia, and in most major metals. His early career was in minerals exploration, initially with CRA (subsequently Rio Tinto), and then Royal Dutch Shell – Billiton. Dr Pointon gained experience across the business spectrum with assignments including human resources, business development and operations, before moving into general and strategic management. Prior to joining the GRD Board, Dr Pointon was a senior executive with BHP Billiton and was appointed President, Stainless Steel Materials in June 2001, where he helped build this business into the world's third largest nickel producer, with annual sales of over US\$5 billion. Dr Pointon resides in the United Kingdom.

Mr Richard Linnell

Mr Linnell has been active in the resources sector for almost 40 years with significant global experience in the development and marketing of resources and commodities. A former head of Billiton Plc's exploration and development activities throughout Africa, he was previously a director of BHP Billiton (SA) Ltd and a member of the Eskom Council. He remains involved in a non-executive capacity with several African-based resource interests. Mr Linnell has been actively involved with the development of GRD's African operations during the last four years and has been a key figure in helping grow the Company's Johannesburg office to 250 personnel. Mr Linnell resides in South Africa.

The Board, other than Dr Pointon and Mr Linnell in respect of their own election, recommends that Shareholders vote in favour of the election of these candidates.

4. REMUNERATION REPORT (Resolution 4)

Shareholders are asked to adopt the Company's Remuneration Report. The Remuneration Report is contained within the Directors' Report section of the 2007 Annual Report.

The Remuneration Report:

- explains the Board's policies in relation to the objectives and structure of remuneration;
- discusses the relationship between the policies and the Company's performance;
- provides a detailed summary of performance conditions, why they were chosen and how performance is measured against them; and
- sets out the remuneration details for each Director and for each of the other key management personnel (including the top five highest remunerated senior executives as required by the Corporations Act) of the GRD group of companies.

A reasonable opportunity for discussion of the Remuneration Report will be provided at the Annual General Meeting.

Shareholders should note that Resolution 4 is advisory only and does not bind the Directors or the Company.

The Board recommends that Shareholders vote in favour of adopting the Remuneration Report.

RESOLUTIONS 5 & 6 SPECIAL BUSINESS

5. ISSUE OF OPTIONS TO SENIOR MANAGERS AND EXECUTIVES (Resolution 5)

5.1 Background to Resolution 5

Resolution 5 has been included in the Notice of Annual General Meeting so that Shareholders may consider and, if considered appropriate, approve the issue of up to 3,000,000 Options to various senior managers and executives of the Company. No Options will be issued to Directors or other related parties of the Company.

The proposed issue of Options to senior management and executives meets the objectives of the Company's remuneration policy, enabling the Company to attract and retain high quality people, and to reward them in a manner that is aligned with the creation of Shareholder value.

The issue of Options results from the Company's 2007 performance review process and is designed to recognise the continued services and contributions of individuals who are important to the Company and its businesses, and provide a medium-term reward structure. The Options will provide an equity-based component of the overall remuneration package of the relevant senior managers and executives and will link part of their remuneration to the medium-term performance of the Company.

50% of the Options issued are directly linked to the Total Shareholder Return of the Company over the period ending 31 December 2010.

50% of the Options issued are linked to continued employment with the Company over a two year period. Within the resource engineering services sector, in which the Company predominantly operates, a very competitive labour market currently exists and loyalty-based share option schemes are not uncommon as part of the remuneration framework. The loyalty vesting condition of the Options is considered important in achieving the objective of attracting and retaining high quality management.

The exercise price for the Options will not be lower than \$1.50 per Option. This represents a significant premium to the current Share price of the Company, with the volume weighted average price of Shares for the 30 trading days to 7 April 2008 being \$1.15. The Board considers that this pricing will ensure that management interests are better aligned to those of Shareholders.

The recipients of the Options will be finalised by the Board following approval of Resolution 5 by Shareholders.

The terms and conditions attaching to the Options are set out below in Section 5.3.

5.2 Corporations Act, ASX Listing Rules and Corporate Governance

Neither the Corporations Act (2001) nor the ASX Listing Rules require the Company to seek the approval of Shareholders to issue the Options. Notwithstanding, the Company still seeks Shareholder approval for the issue of the Options in accordance with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations and the Company's Remuneration and Nomination Committee Charter.

At present, the Company does not have in place a formal plan covering the payment of equity-based remuneration. In this light and consistent with Corporate Governance Principle 8.2, it is the Company's intention to continue to seek Shareholder approval for the issue of Options or other securities to senior management until such time as a formal plan is approved.

In addition, Listing Rule 7.1 imposes a limit on the number of equity securities i.e.: Shares or Options) which a company can issue without Shareholder approval. In general terms the limit is that a company may not, without Shareholder approval, issue in any 12 month period, equity securities which are more than 15% of:

- the number of fully paid ordinary shares on issue 12 months before the issue; plus
- the number of fully paid ordinary shares issued in that 12 months under an exception contained in Listing Rule 7.2 or with Shareholder approval.

Equity securities which are issued under an exception contained in Listing Rule 7.2 or with Shareholder approval do not reduce the number of equity securities that may be issued by the Company under Listing Rule 7.1.

Resolution 5 seeks Shareholder approval of the issue of Options so that it does not reduce the number of equity securities that the Company may issue without further Shareholder approval.

No funds will be raised by the issue of the Options under Resolution 5. Any money raised as a result of the exercise of any Options will be used by the Company for general working capital purposes.

5.3 Terms and Conditions

The key terms of the Options are as follows:

1. The exercise price for the Options will be the higher of:
 - (a) \$1.50 per Option; and
 - (b) the volume weighted average price of Shares for the 5 trading days prior to 1 June 2008.
2. The Options will vest as follows:
 - (a) 50% of the options will vest on 1 January 2011:
 - on the condition that on 1 January 2011 the holder of the Options has been continuously employed by the Company or a Related Body Corporate since the issue of the Options; and
 - in the proportion determined by the performance of the Company's Total Shareholder Return over the period commencing from 1 June 2008 and ending on 31 December 2010 relative to the performance of the ASX Small Ordinaries Accumulation Index in accordance with the table below:

Percentile ranking of GRD's performance relative to the ASX Small Ordinaries Accumulation Index	Percentage of Options issued that become exercisable on 1 January 2011
75 th – 100 th *	100%
50 th – 74 th	50%
0 – 49 th	0%

* In assessing the percentile ranking of GRD's performance relative to the ASX Small Ordinaries Accumulation Index, 100th represents the return of the highest performing stock in the Index over the measurement period and not the average return of the Index.

- (b) 25% of the Options will vest on 1 June 2009, on the condition that on 1 June 2009 the holder of the Options has been continuously employed by the Company or a Related Body Corporate since the issue of the Options; and
 - (c) 25% of the Options will vest on 1 June 2010, on the condition that on 1 June 2010 the holder of the Options has been continuously employed by the Company or a Related Body Corporate since the issue of the Options.
3. If a change of control event occurs, all Options will vest immediately regardless of whether the requirements in paragraph 2 have been satisfied.

4. The Options will expire on the earlier of 5.00pm (WST) on:
 - (a) 1 June 2013; and
 - (b) the day which is 3 months after the date the holder of the Options ceases to be an employee of the Company or a Related Body Corporate.
5. All Options are subject to "blackout periods". During a blackout period, Options cannot be exercised unless approval is obtained from the CEO and Company Secretary. In the event that the holder of Options is the Company Secretary, approval must also be obtained from the Chairman.

The black out periods occur annually until the expiry of the Options:

 - from 1 January until the release of the Company's ASX Preliminary Final Report for the year ending the preceding 31 December; and
 - from 1 July until the release of the Company's Half Year Report to ASX for the period ending the preceding 30 June.

The blackout periods will not apply if the holder of the Options is not employed by GRD or a Related Body Corporate.
6. The Options will be issued to the recipients on 1 June 2008, or as soon as practicable thereafter and in any event, within three months from the date Shareholder approval is obtained.
7. Subject to paragraphs 4 and 5 above, each Option may be exercised by notice in writing to the Company together with payment of the exercise price at any time during the period commencing on the vesting date and ending on the expiry date. Any notice of exercise of an Option received by the Company will be deemed to be a notice of the exercise of that Option as at the date of receipt.
8. Application will not be made to ASX for official quotation of the Options. Application will be made for official quotation of the Shares issued upon exercise of Options. The Options are not transferable.
9. There are no participating rights or entitlements inherent in the Options and optionholders will not be entitled to participate in new issues of securities offered to Shareholders during the currency of the Options without first exercising the Options.
10. Shares allotted pursuant to the exercise of Options will be allotted following receipt of all the relevant documents and payments and will rank equally with issued Shares.
11. In the event of a reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Company, all rights of the optionholder will be reconstructed in accordance with the ASX Listing Rules.
12. If from time to time, before the expiry of the Options, the Company makes a pro rata issue of Shares to Shareholders for no consideration, the number of Shares over which an Option is exercisable will be increased by the number of Shares which the optionholder would have received if the Option had been exercised before the date for calculating entitlements to the pro rata issue.

5.4 Recommendation

None of the Directors have an interest in the outcome of Resolution 5. The Board believes that the proposed issue is beneficial for the Company and recommends Shareholders vote in favour of the resolution. It will allow the Company to retain the flexibility to issue the maximum number of equity securities permitted under Listing Rule 7.1 without Shareholder approval during the next 12 months. This will enable the Company to respond quickly to investment opportunities which may become available to it.

6. NON-EXECUTIVE DIRECTORS' FEES (Resolution 6)

Under the Company's Constitution and in accordance with Listing Rule 10.17 the total aggregate remuneration per annum that may be paid to non-executive Directors can only be increased by ordinary resolution of a general meeting of Shareholders of the Company.

The current approved pool of aggregate fees to be paid to non-executive Directors is \$400,000 per annum, established in 2006.

Based on the recommendation of the Company's Remuneration and Nomination Committee the Board wishes to increase the size of the aggregate remuneration pool for non-executive Directors to \$600,000 per annum to allow for the increase in the number of non-executive Directors on the Board and to allow for market increases in remuneration.

The amount of the non-executive Director remuneration pool includes the fees paid to non-executive Directors for their services as Directors, including in their capacity as members of board committees, but does not include retirement benefits other than superannuation.

GLOSSARY

In this Explanatory Statement the following terms have the following meanings unless the context otherwise requires:

ASX means the ASX Limited ACN 008 624 691.

ASX Listing Rules means the listing rules of ASX as amended or replaced from time to time.

Board means Board of Directors of the Company.

Company or **GRD** means GRD Limited ACN 009 201 754.

Constitution means the current constitution of the Company.

Corporations Act means the Corporations Act 2001 (Cth) and all regulations made under such legislation, as amended from time to time.

Director means a director of the Company.

Option means an option to acquire an ordinary fully paid Share in the Company.

Related Body Corporate has the meaning given in section 50 of the Corporations Act.

Shareholder means a member of the Company as defined in the Constitution.

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

Total Shareholder Return means the total amount returned on a Share to a Shareholder during the relevant period calculated as:

- (a) the growth in value of a Share over the relevant period; plus
- (b) the value of dividends and other distributions paid to the Shareholder over the relevant period in respect of a Share.

WST means Western Standard Time.

