



30 September 2016

ASX Market Announcements

Proposed Key Personnel Incentives and Executive Service Agreement

Further to the release of 16 September 2016 on the appointment of Dr Ray Shaw to the Board, Ausmon Resources Limited (ASX : AOA) is pleased to announce the general terms of engagement for Dr Ray Shaw to have an executive role supporting the Board's strategy of identifying new projects to underpin the Company's future growth.

Dr Shaw will have the special responsibilities to seek new projects with potential to provide additional long term viability, growth and a profitable return for shareholders and to assist in raising funds to enable the Company to participate in such projects.

Initially, an all inclusive remuneration package capped to a total of \$30,000, payable at the rate of \$10,000 per month will apply once the Company has raised new working capital. Upon introduction of a new project accepted by the Company and of appropriate funding, Dr Shaw will be offered a 3 year Executive Service Agreement as Chief Executive Officer with a salary of \$200,000 per year inclusive of director's fees plus statutory superannuation contributions. The remuneration package will also include, subject to shareholder's approval, a long term incentive in the form 34.3 million Performance Rights free at grant, each right entitling him to one fully paid ordinary share for no cash consideration, with Qualifying Conditions that effectively align a significant proportion of the remuneration with the future performance of the Company.

Chairman Mr Boris Patkin noted that the challenges of turning around the Company from its current low base are significant and it is important that key personnel be incentivised to deliver new growth, commensurate with their additional exposure to risk and workloads over the coming period, particularly when historically they have been receiving relatively low levels of remuneration.

Accordingly, at the forthcoming Annual General Meeting the Board will also seek Shareholder approval of resolutions aimed to overhaul incentive arrangements for the Company's remaining key personnel, including other Board members, in order to bring them into alignment so that there is more unified and transparently fair mechanism by which the interests of those key personnel remain in lockstep with the future interests of its Shareholders.

Key Person Incentive

It is proposed that each of the Directors Boris Patkin (Chairman), John Wang (Managing Director) and Gary Zheng (Non-Executive Director) be offered 6 million, 12 million and 4 million fully paid ordinary shares ("Incentive Shares"), respectively, at \$0.01 per share funded through limited recourse loans by the Company on terms similar to those of the prevailing Company's Employee Incentive Plan as well as subject to Qualifying Conditions identical to those for the CEO.

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5 million fully paid ordinary shares be issued at \$0.01 per share under the current Company's Employee Incentive Plan to key Eligible Persons who are unrelated parties and an additional 3 million shares is proposed for offer to key Eligible Persons who are unrelated parties after a new Employee Incentive Plan is approved by shareholders at the next AGM. Qualifying Conditions identical to those applicable to the Directors' incentive securities will apply.

Qualifying Conditions

The Qualifying Conditions for the vesting of the securities proposed for offer are as follows:

- (a) 50% when the ASX volume weighted average price of the Company's fully paid ordinary shares on any 20 consecutive days when the shares traded on Australian Securities Exchange ("ASX") reaches or exceeds \$0.04;
- (b) 50% when the ASX volume weighted average price of the Company's fully paid ordinary shares on any 20 consecutive days when the shares traded on ASX reaches or exceeds \$0.08;
- (c) the Company has earned an initial beneficial interest in a project yet to be identified on terms and conditions agreed by the Company for an investment of approximately \$4m;
- (d) immediate vesting on the occurrence of a merger or scheme or arrangement, and a takeover bid by an arm's length bidder (if successfully completed within the initial 18 months, or after 18 months whether successful or not).
- (e) the holder remaining an "Eligible Person" as defined in the Company's Employee Incentive Plan.

John Wang
Managing Director