

NOTICE OF ANNUAL GENERAL MEETING
RUNGE LIMITED
ACN 010 672 321



Notice is given that the Annual General Meeting of Runge Limited (the Company) will be held at the Christie Conference Centre, Kamisama Room, Level 6, 320 Adelaide Street, Brisbane, Queensland, Australia commencing at 10.00 am (Eastern Standard Time) on Thursday, 18 November 2010.

AGENDA

1. Discussion of Financial Statements and Reports

To receive and consider the financial statements and the reports of the Directors and the Auditor for the year ended 30 June 2010.

2. Resolution 1: Adoption of Remuneration Report

To consider and, if thought appropriate, pass the following resolution as a non-binding ordinary resolution under section 250R(2) of the *Corporations Act 2001*:

"That the Remuneration Report for the year ended 30 June 2010 be and is hereby adopted".

3. Resolution 2: Re-election of Ross Walker

"That Ross Walker, who retires by rotation in accordance with rule 6.1 of the Constitution, be and is hereby re-elected as a Director."

4. Resolution 3: Approval of grant of options to Managing Director

To consider and, if thought fit, to pass, with or without amendment the following resolution as an ordinary resolution:

'That for the purposes of Listing Rule 10.14 and for all other purposes, the Members approve:

- the grant to Mr Tony Kinnane of 260,000 options to subscribe for unissued shares in the Company on the terms and conditions described in the Explanatory Memorandum accompanying this Notice of Meeting; and*
- the issue and allotment of Shares to Mr Kinnane on the exercise of the options in accordance with their terms and conditions of grant.'*

Voting Exclusion

The Company will disregard any votes cast on this resolution by any director of the Company and any of their associates. However, the Company will not disregard a vote if it is cast by a person as the proxy for a person who is entitled to vote, in accordance with 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 directions on the proxy form to vote as the proxy decides.

5. Resolution 4: Approval of grant of options to Executive Director

To consider and, if thought fit, to pass, with or without amendment the following resolution as an ordinary resolution:

'That for the purposes of Listing Rule 10.14 and for all other purposes, the Members approve:

- *the grant to Mr Christian Larsen of 168,000 options to subscribe for unissued shares in the Company on the terms and conditions described in the Explanatory Memorandum accompanying this Notice of Meeting; and*
- *the issue and allotment of Shares to Mr Larsen on the exercise of the options in accordance with their terms and conditions of grant.'*

Voting Exclusion

The Company will disregard any votes cast on this resolution by any director of the Company and any of their associates. However, the Company will not disregard a vote if it is cast by a person as the proxy for a person who is entitled to vote, in accordance with 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 directions on the proxy form to vote as the proxy decides.

Dated: 15 October 2010
By order of the Board



Company Secretary
Ken Lewis

ATTENDANCE AND VOTING

1. In accordance with applicable law, 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 Sydney time on Tuesday 16 November 2010. Accordingly, those persons are entitled to attend and vote at the meeting. If you are eligible, you may vote by attending the meeting in person or by proxy or attorney. A member who is a body corporate may appoint a representative to attend and vote on its behalf.
2. To vote by proxy, please complete, sign and return the enclosed proxy form in accordance with the following instructions. If you require an additional proxy form, the Company will supply it on request.
3. A member who is entitled to vote at the meeting, may appoint one proxy if the member is only entitled to one vote or one or two proxies if the member is entitled to more than one vote. A proxy need not be a member of the Company.
4. Where the member appoints 2 proxies, the appointment must specify the proportion or number of votes that each proxy may exercise (unless the authority of one is conditional on the other failing to attend and vote). Failure to specify the proportion of votes that each represents will invalidate the proxies.
5. The proxy form must be signed by the member or the member's attorney. Proxies given by a corporation must be executed in accordance with the *Corporations Act* and the constitution of that corporation. Proxies given by joint holders must either be signed by each joint holder or the holder named first in the register.
6. To be effective, the proxy form and the original power of attorney or other authority (if any) under which it is signed or a certified copy must be received by the Company at least 48 hours before the time for holding of such meeting or any adjourned meeting (or such lesser period as the Directors may permit):-
 - 6.1 by delivery or mail to the Company's share registry: Computershare Investor Services Pty Limited, GPO Box 242, Melbourne, Victoria 3001;
 - 6.2 by delivery or mail to the Company's registered office at Level 12, 333 Ann Street, Brisbane, Queensland, 4000;
 - 6.3 by facsimile to the following fax number at the Company's registered office: +61 2 93326300; or
 - 6.4 by facsimile to the following fax number at the Company's share registry: (within Australia) 1800 783 447 and (outside Australia) +61 3 9473 2555.
7. Any proxy form received after this deadline including at the meeting will be treated as invalid.
8. A proxy may decide whether to vote on any motion, except where the proxy is required by law or the Constitution to vote or abstain from voting, in their capacity as proxy. If a proxy is directed how to vote on an item of business, the proxy may vote on that item only in accordance with the direction. If a proxy is not directed how to vote on an item of business, the proxy may vote as he or she thinks fit.
9. If a member appoints the chairman of the meeting as the member's proxy and does not specify how the chairman is to vote on an item of business, the chairman will vote, as proxy for that member, in favour of that item on a poll.



runge

EXPLANATORY MEMORANDUM

This Explanatory Memorandum has been prepared to assist members with their consideration of the resolutions to be put to the Annual General Meeting to be held on 18 November 2010. These explanatory notes should be read with, and form part of, the accompanying Notice of Annual General Meeting.

1. FINANCIAL STATEMENTS AND REPORTS

As required by law, the financial report, Directors' report and Auditor's report are laid before the AGM. Members will be given a reasonable opportunity at the meeting to ask questions and make comments on these reports. There is no requirement however for members to approve the reports.

2. RESOLUTION 1 – REMUNERATION REPORT

The Remuneration Report is set out in section 12 of the Directors' Report contained in the Annual Report.

By law, the Company is required to put the Remuneration Report to a vote by members at the Annual General Meeting. By law, the vote on the resolution is advisory only and does not bind the Directors or the Company.

While there is no legal requirement to abstain from voting, the Board believes it appropriate that none of the Directors, the named executives or their associates should vote on the remuneration resolution, except as directed by any proxies.

The Directors unanimously recommend that you vote in favour of this resolution.

3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR

In accordance with rule 6.1(f), (g) and (i) of the Constitution and the *Corporations Act*, Mr Ross Walker retires as Director by rotation and, being eligible, offers himself for re-election.

Ross Walker has served as a Director of your Company from 2007 to 2010. He has held the position of Chair of the Audit and Risk Committee since April 2008.

Ross is a partner of Johnston Rorke (Chartered Accountants) having joined them in 1985. Johnston Rorke has over 120 staff and 14 partners. Ross held previous roles at Arthur Andersen having worked locally and in various offices throughout the United States.

Ross' experience includes corporate finance, auditing, valuations and capital raisings.

Ross holds a Bachelor of Commerce from the University of Queensland and is a member of the Institute of Chartered Accountants.

The Directors (other than Mr Walker who has a material personal interest in the outcome of this resolution) recommend that you vote in favour of this resolution.

4. RESOLUTIONS 3 and 4 – APPROVAL OF OPTIONS TO EXECUTIVE DIRECTORS

Remuneration policy

The performance of the Company depends upon the quality of its executives and Executive Directors. Their compensation structure is designed to strike an appropriate balance between fixed and variable remuneration, rewarding capability and experience and providing recognition for contribution to the Company's overall goals and objectives.

In deciding the remuneration and incentives of the Managing Director (Mr Kinnane) and Executive Director (Mr Larsen), the Board considers that there should be an appropriate mix of remuneration comprising cash and securities to link their remuneration to the financial performance of the Company.

Equity-based incentives consistent with the Company's remuneration policy better aligns the performance of the Executive Directors with the Company's financial performance. The Board also believes that an equity-based remuneration component helps it to attract and retain the best executives.

The Directors consider the remuneration policy to be a sensible and well-balanced policy which allows them to adjust the remuneration mix appropriately to the Company's changing circumstances.

Background - 2010 Executive Option Program

The Company adopted an executive share option plan in February 2008 which was disclosed in its IPO prospectus. The plan is open to all eligible employees who are invited to participate by the Board. An eligible employee includes any person employed by or is a director, officer or executive of the Company or a related body corporate. Accordingly, each of the directors, Messrs Gauci, Kinnane, Larsen, Hatherly, Runge and Walker are entitled to participate.

In accordance with its remuneration policy, as part of the remuneration packages of a number of senior managers and emerging leaders, the Board has approved an executive option program under which a total of 2,732,000 options (representing approximately 2.2% of the current share capital of the company) will be granted to approximately 40 executives (including the Executive Directors (Messrs Kinnane and Larsen)). The Board's approval to grant these options to the senior managers and emerging leaders is subject to the approval of Resolutions 3 and 4.

Listing Rule requirements

Listing Rule 10.14 provides that a listed company must not permit a director to acquire securities under an employee incentive scheme without shareholder approval. Accordingly, shareholder approval is sought under Listing Rule 10.14 for the participation of the Executive Directors (Messrs Kinnane and Larsen) in the option program. This is the second time since listing, the first being at the AGM in 2009, that a grant of options under the executive share option plan has required shareholder approval under the Listing Rules.

Mr Kinnane received the 260,587 options under the option program after the 2009 Annual General Meeting in accordance with the approval granted at the 2009 Annual General meeting, all of which have an exercise price of \$0.88.

Mr Larsen received the 168,749 options under the option program after the 2009 Annual General Meeting in accordance with the approval granted at the 2009 Annual General meeting, all of which have an exercise price of \$0.88.

Proposed Grant of Options to Executive Directors

The Board proposes, subject to member approval, to grant 260,000 options to Mr Kinnane and 168,000 options to Mr Larsen to acquire unissued shares in the Company.

Mr Larsen's options will be granted under the Share Option Plan and Mr Kinnane's options will be granted on similar terms. No amount is payable on grant of the options and no loans are required or will be provided in relation to the grant of options.

Exercise price

Each option will have an exercise price of the volume weighted average price of shares traded on the ASX in the 5 trading days ending on 16 November 2010.

Expiry and lapse

Unless otherwise resolved by the Board, each Option will lapse on the earliest of:

- 5.00pm (Brisbane time) on 30 September 2014;
- If the Executive Director ceases to be an employee prior to the vesting of the options;
- If the Executive Director has in the opinion of the Board been dismissed with cause or has committed an act for fraud, defalcation or gross misconduct in relation to the affairs of the Company or any related body corporate and the Board directs that the options be forfeited.

Vesting conditions

The options will be issued in a single tranche but cannot be exercised until they have vested and a holding period has expired.

The Vesting Conditions are that specified earning per share ("EPS") growth targets, EBITA margin targets and the total shareholder return ("TSR") measure are satisfied as set out below.

EPS Vesting Condition		EBITA Vesting Condition		TSR Vesting Condition	
EPS average annual growth from FY 2010 to FY 2012 above average annual Australian CPI increase in the corresponding period	% of Options which vest if vesting condition satisfied	2012 EBITA margin	% of Options which vest if vesting condition satisfied	TSR growth above peer comparison group of 17 ASX listed companies	% of Options which vest if vesting condition satisfied
Less than 4%	0%	Less than 15%	0%	Less than 50th percentile	0%
4% or more, but less than 8%	20% plus an additional 5% for each 1% increment	15% or more but less than 20%	20% plus an additional 4% for each 1% increment	50th percentile or higher but lower than 75th percentile	10% plus, from 51st to 75th percentile, 0.4% for every 1 percentile
8% or more	40%	20% or more	40%	75th percentile or higher	20%

One third of the total number of vested Options become exercisable at any time on or after 1 September 2012.

One third of the total number of vested Options are become exercisable at any time on or after 1 September 2013.

One third of the total number of vested Options are become exercisable at any time on or after 1 September 2014.

Vested options, regardless of when they vest, must be exercised by no later than 5.00pm (Brisbane time) on 30 September 2014.

The 17 ASX listed companies by which the TSR Vesting Condition will be measured are:

RCR Tomlinson Monadelphous Group Technology One Cardno Limited Industrea Limited Lycopodium Limited Walter Diversified Services Limited Qmastor Limited Thomas & Coffey Limited	Oakton Limited The Mac Services Group Limited Iss Group Limited DWS Advanced Business Solutions Limited Swick Mining Coffey International Limited Ausenco Limited VDM Group Limited
---	--

Discussion and analysis of the proposed grant of options

Cost to the Company

The options will not be quoted on ASX and accordingly have no readily identifiable market value.

However, for illustrative purposes, the options have been valued for accounting purposes by the Directors using the principles set out in AASB 2 'Share-Based Payment' and the Trinomial Lattice Model at \$0.19 each. This Model defines the conditions under which employees are expected to exercise their options after vesting in terms of the stock price reaching a specified multiple of the exercise price.

The application of the Model therefore requires a number of inputs, some of which must be assumed. The material assumptions used in the Model were:

- The valuation date of the options is 27 September 2010;
- A share price of \$0.45 on 27 September 2010;
- The exercise price of each option is \$0.45;
- The first exercise date is 1 September 2012 and the expiry date is 30 September 2014;
- A risk-free interest rate of 4.91%;
- A volatility factor of 70%. This measure was determined having regard to the historical volatility of the Company's share price since listing; and
- A dividend yield of 5%.

Shareholders should be aware that this is an indicative valuation only for illustrative purposes. The actual accounting expense may be different due to differences in the final inputs such as the date of grant, which, subject to approval, is expected to be on or about 18 November 2010. The options will be further discounted to value probability of reaching TSR vesting conditions to comply with AASB 2 'Share-Based Payment'

Remuneration

The remuneration packages of the Executive Directors for the year ended 30 June 2010 (as detailed in the Remuneration Report included in the Directors' Report of the 2010 financial statements) comprises:

Executive	Cash salary and fees	STI cash bonus	Non-monetary benefits	Super-annuation	Termination benefits	Share-based payment (2008 & 2010 options)	Total
Mr Kinnane	\$377,951	Nil	\$6,966	\$50,000	Nil	\$24,487	\$459,404
Mr Larsen	\$288,765	Nil	Nil	\$14,462	Nil	\$17,158	\$320,385

Relevant interests in shares and options

The Executive Directors' current relevant interest in shares and options in the Company are as follows:

Executive	Shares	Options
Mr Kinnane	10,221,171	294,587
Mr Larsen	4,634,375	202,749

Impact on capital structure

Until exercised, the grant of the options will not impact on the number of ordinary shares on issue in the Company. If all of the proposed options issued to Messrs Kinnane and Larsen vested and were exercised, an additional 428,000 fully paid ordinary shares would be issued representing approximately 0.34% of the total expanded issued share capital of the Company (this percentage assumes that no other options were exercised or shares issued by the Company between the date the options were granted and the date on which those options were exercised).

Opportunity cost to the Company

The opportunity cost and benefits foregone to the Company in granting the options comprise:

- the obligation of the Company to issue shares on exercise of the options at the exercise price even though this might be less than the market price of the shares at the time of the exercise of the option; and
- the potential dilutionary impact on the existing shareholders of the Company in the event of the issue of shares on exercise of the options – see the impact on the capital structure described above. The Directors consider that any potential dilutionary impact is not material and is more than offset by the advantages accruing to the Company from the services of the Executive Directors.

Tax consequences

As far as the Company is aware, there are no adverse taxation consequences to the Company arising from the proposed issue of options.

Use of funds

Any funds raised from the exercise of the options will be applied towards the working capital and cash requirements of the Company at the time of exercise of the options.

The initial grant of options are for nil consideration.

Timing of grant

If the proposed resolution is passed, the Company will grant the options to the Executive Directors immediately and in any event no later than 1 month after the date the resolution is passed.

Recommendation

The Directors (with Messrs Kinnane and Larsen abstaining) unanimously recommend that you vote in favour of this resolution.

This page has been left intentionally blank



Runge Limited
ABN 17 010 672 321



Lodge your vote:



Online:
www.investorvote.com.au



By Mail:
Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:

(within Australia) 1300 552 270
(outside Australia) +61 3 9415 4000

000001 000 RUL
MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030



Proxy Form



Vote online or view the annual report, 24 hours a day, 7 days a week:

www.investorvote.com.au

- Cast your proxy vote**
- Access the annual report**
- Review and update your securityholding**

Your secure access information is:

Control Number: 999999

SRN/HIN: I9999999999



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

For your vote to be effective it must be received by 10.00 am (Eastern Standard Time) on Tuesday, 16 November 2010

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions for Postal Forms

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the information tab, "Downloadable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,
or turn over to complete the form** →

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

Proxy Form

Please mark to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Runge Limited hereby appoint

the Chairman of the Meeting **OR**



PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Annual General Meeting of Runge Limited to be held at the Christie Conference Centre, Kamisama Room, Level 6, 320 Adelaide Street, Brisbane, Queensland commencing at 10.00 am (Eastern Standard Time) on Thursday, 18 November 2010 and at any adjournment of that meeting.

Important for Items 3 and 4: If the Chairman of the Meeting is your proxy and you have not directed him/her how to vote on Items 3 and 4 below, please mark the box in this section. If you do not mark this box and you have not directed your proxy how to vote, the Chairman of the Meeting will not cast your votes on Items 3 and 4 and your votes will not be counted in computing the required majority if a poll is called on these Items. The Chairman of the Meeting intends to vote undirected proxies in favour of Items 3 and 4 of business.

I/We acknowledge that the Chairman of the Meeting may exercise my proxy even if he/she has an interest in the outcome of that Item and that votes cast by him/her, other than as proxy holder, would be disregarded because of that interest.

STEP 2 Items of Business



PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

- Resolution 1: Adoption of Remuneration Report
- Resolution 2: Re-election of Ross Walker as a Director
- Resolution 3: Approval of grant of options to Managing Director
- Resolution 4: Approval of grant of options to Executive Director

	For	Against	Abstain
Resolution 1	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

SIGN

Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date / /

RUL

1 2 2 0 5 9 A

Computershare +