

## DISCLOSURE OF BEGINNING TO HAVE SUBSTANTIAL HOLDING

### Section 22, Securities Markets Act 1988

To: NZX Limited

And: Mercer Group Limited ("MGL")

Date this disclosure made: 9 May 2012

#### Substantial security holder(s) giving disclosure

Name(s): Rodger David Shepherd ("Rodger").

Contact details: Rodger Shepherd, 09 837 7540 rshepherd@mercercs.co.nz

Date on which substantial security holder(s) began to have substantial holding:  
30 November 2011

#### Summary of substantial holding to which disclosure relates

Class of listed voting securities: ordinary shares in MGL

Summary for: Rodger

For this disclosure,—

- (a) total number held in class: up to a maximum of 51,566,204 ordinary shares in MGL (assuming Rodger exercises all of the Options and no further shares in MGL are issued)
- (b) total in class: (currently) 219,140,673 but up to 270,706,877 (assuming Rodger exercises all of the Options and no further shares in MGL are issued)
- (c) total percentage held in class: up to 19.05%

#### Details of relevant interests currently in substantial holding

Details for Rodger.

Nature of relevant interest: beneficial interest in ordinary shares in MGL which is qualified pursuant to an Option Deed dated 17 October 2011 and an Employment Agreement dated 17 October 2011.

For that relevant interest:

- (a) total number held in class: up to a maximum of 51,566,204 ordinary shares in MGL (assuming Rodger exercises all of the Options and no further shares in MGL are issued)
- (b) total percentage held in class: up to 19.05%
- (c) current registered holder: N/A (new issue)
- (d) registered holder of securities once transfers registered: Rodger

## **Details of transactions and events giving rise to person beginning to have substantial holding**

Rodger acquired a qualified beneficial interest in certain options and shares in MGL, pursuant to an Employment Agreement dated 17 October 2011, and an Option Deed dated 17 October 2011, approved by MGL's shareholders on 30 November 2011. Rodger announced by way of NZX Announcement, his intention to exercise the Series A Options on 28 March 2012 (subject to shareholder approval). Details of the Securities are set out below:

### **Shares 1**

*Description of Securities:* That number of ordinary shares as equals 1% of the total shares issued in MGL immediately prior to 2 August 2012, to be granted to Rodger (or his nominee) in accordance with an employment agreement dated 17 October 2011 (the "**Employment Agreement**").

*Nature of relevant interest in securities:* A relevant interest under section 5(d) of the Act being the power to acquire the shares pursuant to the terms of the Employment Agreement.

*Date of Acquisition:* 30 November 2011, being the date that the issue was approved by the shareholders of MGL (however Shares 1 will not be issued to Rodger until 2 August 2012 in accordance with the Employment Agreement).

*Consideration paid for acquisition:* consideration is to be paid for by way of services rendered to MGL in Rodger's role as Chief Executive;

### **Shares 2**

*Description of Securities:* That number of ordinary shares as equals 1% of the total shares issued in MGL immediately prior to 2 August 2013, to be granted to Rodger (or his nominee) in accordance with the Employment Agreement.

*Nature of relevant interest in securities:* A relevant interest under section 5(d) of the Act being the power to acquire the shares pursuant to the terms of the Employment Agreement.

*Date of Acquisition:* 30 November 2011, being the date that the issue was approved by the shareholders of MGL (however Shares 2 will not be issued to Rodger until 2 August 2013 in accordance with the Employment Agreement).

*Consideration paid for acquisition:* consideration is to be paid for by way of services rendered to MGL in Rodger's role as Chief Executive;

### **Shares 3**

*Description of Securities:* That number of ordinary shares as equals 1% of the total shares issued in MGL immediately prior to 2 August 2014, to be granted to Rodger (or his nominee) in accordance with the Employment Agreement.

*Nature of relevant interest in securities:* A relevant interest under section 5(d) of the Act being the power to acquire the shares pursuant to the terms of the Employment Agreement.

*Date of Acquisition:* 30 November 2011, being the date that the issue was approved by the shareholders of MGL (however Shares 3 will not be issued to Rodger until 2 August 2014 in accordance with the Employment Agreement).

*Consideration paid for acquisition:* consideration is to be paid for by way of services rendered to MGL in Rodger's role as Chief Executive;

### **Series A Options**

*Description of Securities:* Options to subscribe for up to 18,181,818 ordinary shares in MGL granted to Rodger (or his nominee) on or before 30 November 2011 in accordance with an option agreement dated 17 October 2011 (the "**Option Agreement**") as amended, such amendment approved by the shareholders of MGL on 9 May 2012.

*Nature of relevant interest in securities:* legal and beneficial owner of an option to subscribe for up to 18,181,818 ordinary shares in MGL pursuant to the Option Agreement (exercisable on or before 2 February 2013).

*Date of Acquisition:* 30 November 2011, being the date that the grant was approved by the shareholders of MGL.

*Consideration paid for acquisition:* up to 18,181,818 shares at \$0.055 per share, to be paid for in cash on the relevant exercise date.

### **Series B Options**

*Description of Securities:* Options to subscribe for up to 14,285,714 ordinary shares in MGL granted to Rodger (or his nominee) on 30 November 2011 in accordance with the Option Agreement.

*Nature of relevant interest in securities:* legal and beneficial owner of an option to subscribe for up to 14,285,714 ordinary shares in MGL pursuant to the Option Agreement (exercisable on 2 February 2014).

*Date of Acquisition:* 30 November 2011, being the date that the grant was approved by the shareholders of MGL (however the Series B Options will not be exercisable by Rodger until 2 February 2014 in accordance with the Option Agreement).

*Consideration paid for acquisition:* up to 14,285,714 shares at \$0.070 per share, to be paid for in cash on the relevant exercise date.

### **Series C Options**

*Description of Securities:* Options to subscribe for 11,764,706 ordinary shares in MGL granted to Rodger (or his nominee) on 30 November 2011 in accordance with the Option Agreement.

*Nature of relevant interest in securities:* legal and beneficial owner of an option to subscribe for 11,764,706 ordinary shares in MGL pursuant to the Option Agreement (exercisable on 2 December 2014).

*Date of Acquisition:* 30 November 2011, being the date that the grant was approved by the shareholders of MGL (however the Series C Options will not be exercisable by Rodger until 2 December 2014 in accordance with the Option Agreement).

*Consideration paid for acquisition:* up to 11,764,706 shares at \$0.085 per share, to be paid for in cash on the relevant exercise date.

### **Additional information**

Nature of connection between substantial security holders: N/A

Address(es) of substantial security holder:

Rodger Shepherd  
168 Potts Road, Whitford, Auckland, New Zealand

Christchurch  
New Zealand

Name of any other person believed to have given, or believed to be required to give, a disclosure under the Act in relation to the securities to which this disclosure relates: none

**Declaration**

I, Rodger David Shepherd, declare that, to the best of my knowledge and belief, the information contained in this disclosure is correct and that I am duly authorised to make this disclosure by all persons for whom it is made.



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