



Limited

# NOTICE OF ANNUAL GENERAL MEETING

This document constitutes the Notice of Meeting for the 2017 Annual General Meeting of Magontec Limited (ACN 010 441 666).

The thirty-fourth Annual General Meeting (AGM) of Magontec Limited (ACN 010 441 666) (the “Company”, “Magontec” or “MGL”) will be held in the “Pinaroo 4” room on Level 1 of the Grace Hotel 77 York Street (corner York and King Streets) Sydney NSW on Wednesday 17 May 2017 at 11.00 am (Sydney time). The Annual Report is available for viewing on the Company’s web site at the tab “2016 Annual Report” at the following web address:

<http://magontec.com/investor-centre/reports-presentations/>

**The business to be dealt with at the Meeting is:**

## **ORDINARY BUSINESS**

**ITEM 1: Financial Report, Directors’ Report and Auditor’s Report** (Refer “Explanatory Notes” at the foot of this Notice)

**Resolution 1** “To receive and consider the Financial Report, including the Directors’ Declaration for the twelve-month reporting period ended 31 December 2016 and the related Directors’ Report and Auditor’s Report thereon.”

**ITEM 2: Adoption of the Remuneration Report (advisory only resolution)** (Refer to “Explanatory Notes” at the foot of this Notice)

To consider, and if thought fit, pass the following resolution as an advisory only resolution (i.e. non-binding upon Directors):

**Resolution 2** “To adopt the Remuneration Report as set out in the Annual Report for the twelve-month reporting period ended 31 December 2016.”

Voting Exclusion Statement: The Company will disregard any votes cast on this resolution by key management personnel or their closely related parties, or votes made by undirected proxies. However, the Company need 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 it is cast by a 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.

**ITEM 3: Re-election of Director (ordinary resolution)** (Refer to “Explanatory Notes” at the foot of this Notice)

**Resolution 3** “That Mr Robert Kaye, who is retiring and standing for re-election in accordance with clause 12.3(b)(iv) of the Constitution of the Company, and being eligible, is re-elected as an Independent Director of the Company, effective from the close of the AGM.”

**ITEM 4: Re-election of Director (ordinary resolution)** (Refer to “Explanatory Notes” at the foot of this Notice)

**Resolution 4** “That Mr Robert Shaw, who is retiring and standing for re-election in accordance with clause 12.3(b)(iv) of the Constitution of the Company, and being eligible, is re-elected as an Independent Director of the Company, effective from the close of the AGM.”

Voting Exclusion Statement: The Company will disregard any votes cast on this resolution by any person (or associate of any person) who would obtain a financial benefit if the resolution is passed. However, the Company need 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 it is cast by a 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.

**ITEM 5: Incentive plan for the Magontec global management group (ordinary resolution)** (Refer to “Explanatory Notes” at the foot of this Notice)

**Resolution 5** “To approve pursuant to ASX Listing Rule 7.2 Exception 9 a short term incentive (STI) and long term incentive (LTI) remuneration plan for the Magontec global management group, effective from 1 January 2017 (2017 Shareholder Approved Plan)”

Voting Exclusion Statement: The Company will disregard any votes cast on this resolution by Mr Nicholas Andrews and any of his associates. However, the Company need 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
- 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.

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**ITEM 6: Issue of Ordinary Shares to the Executive Chairman Mr Nicholas Andrews (ordinary resolution)** (Refer to “Explanatory Notes” at the foot of this Notice)

**Resolution 6**      **"In line with the terms of the 2013 Board Approved Plan, to approve pursuant to ASX Listing Rule 10.14 the issue of 1,877,451 ordinary shares at the 10 day VWAP on the day of issue to the Executive Chairman Mr Nicholas Andrews."**

Voting Exclusion Statement: The Company will disregard any votes cast on this resolution by Mr Nicholas Andrews and any of his associates. However, the Company need 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
- 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.

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**ITEM 7: Issue of Performance Rights to Executive Chairman Mr Nicholas Andrews (ordinary resolution)** (Refer to “Explanatory Notes” at the foot of this Notice)

**Resolution 7**      **"In line with the terms of the 2013 Board Approved Plan, to approve pursuant to ASX Listing Rule 10.14 the issue of 28,243,629 Performance Rights to the Executive Chairman Mr Nicholas Andrews on the basis that the Performance Rights under this resolution may convert into ordinary shares on terms as per the explanatory notes"**

Voting Exclusion Statement: The Company will disregard any votes cast on this resolution by Mr Nicholas Andrews and any of his associates. However, the Company need 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
- 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.

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## DETERMINATION OF VOTING ENTITLEMENT

For the purposes of this meeting, all persons who are registered holders of shares in the Company at 7:00pm Sydney time on Monday 15 May 2017 will be entitled to vote.

## APPOINTING A PROXY

A member entitled to vote may appoint a proxy to attend and vote on behalf of the member. If the member is entitled to cast more than two votes, the member may appoint two proxies to attend and vote instead of the member. Where more than one proxy is appointed, each proxy may be appointed to represent a specified portion of the member's voting rights. If no such specification is given and two proxies are appointed, each may exercise half the votes to which the member is entitled. A proxy need not be a member. Proxies must be executed in accordance with the instructions in the notes accompanying the proxy form.

To be valid, the signed proxy form (together with an original or certified copy of the power of attorney if applicable) must be:

- Lodged with Boardroom Pty Limited at Level 12, Grosvenor Place, 225 George St Sydney NSW 2000;
- Delivered by post to Boardroom Pty Limited GPO Box 3993, Sydney NSW 2001; or
- Sent by facsimile to Boardroom Pty Limited on +61 2 9290 9655.

so as to be received by Boardroom Pty Limited by 11:00 am Sydney time on Monday 15 May 2017 being not less than 48 hours before the time for holding the meeting.

## EXPLANATORY NOTES

**ITEM 1: Financial Report and Directors' Report and Auditor's Report for the twelve-month reporting period ended 31 December 2016.**

The Corporations Act 2001 (Cth) (Corporations Act) requires that the Financial Report, including the Directors' Declaration for the twelve-month reporting period ended 31 December 2016 and the related Directors' Report and Auditors' Report, be laid before the Annual General Meeting. In addition, the Company's Constitution provides for such reports and statements to be received and considered at the meeting. None of the Corporations Act 2001 (Cth), the ASX Listing Rules or the Company's Constitution requires a vote of shareholders at the Annual General Meeting on such reports or statements. However, shareholders will be given ample opportunity to raise questions with respect to these reports and statements at the meeting.

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### **ITEM 2: Adoption of Remuneration Report for the twelve-month reporting period ended 31 December 2016 (advisory only resolution)**

Shareholders (other than excluded shareholders) are entitled to vote on the question whether the Remuneration Report as contained in the Annual Report for the twelve-month reporting period ended 31 December 2016 is to be adopted. Shareholders should note, however, that this is an "advisory only" resolution, which does not bind the Directors of the Company.

**The Board recommends that shareholders vote in favour of Resolution 2.**

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### **ITEM 3: Re-election of Director – Mr Robert Kaye (ordinary resolution)**

Mr Robert Kaye was elected to the Board of the Company by shareholders as an Independent Director at the AGM on 29 May 2014 in accordance with clause 11.1(g) of the Company's then prevailing Constitution.

Under clause 12.3 of the current Constitution (adopted at the AGM held on 29 May 2014), a director shall not retain office for a period in excess of 3 years or beyond the third AGM following his election (whichever is the longer period), without submitting himself for re-election. As this meeting will be the third AGM since Mr Kaye's appointment as a director by shareholders, Mr Kaye will retire and stand for re-election at the meeting. Under clause 12.6 (a) of the current Constitution, the resolution to appoint Mr Kaye is not required to be preceded by a shareholder nomination.

**The Board (other than Mr Kaye) recommends that shareholders vote in favour of Resolution 3.**

### **ITEM 4: Re-election of Director – Mr Robert Shaw (ordinary resolution)**

Mr Robert Shaw retired and was re-elected to the Board of the Company as an Independent Director by shareholders at the AGM on 29 May 2014 in accordance with clause 11.1(g) of the Company's then prevailing Constitution.

Under clause 12.3 of the current Constitution (adopted at the AGM held on 29 May 2014), a director shall not retain office for a period in excess of 3 years or beyond the third AGM following his election (whichever is the longer period), without submitting himself for re-election. As this meeting will be the third AGM since Mr Shaw's appointment as a director by shareholders, Mr Shaw will retire and stand for re-election at the meeting. Under clause 12.6 (a) of the current Constitution, the resolution to appoint Mr Shaw is not required to be preceded by a shareholder nomination.

**The Board (other than Mr Shaw) recommends that shareholders vote in favour of Resolution 4.**

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### **ITEM 5: Incentive plan for the Magontec global management group (ordinary resolution)**

At the Company's AGM on 22 November 2011, shareholders (at Resolution 8a of the Notice of AGM) approved a plan for the issue of securities to the executives of the Company and its wholly owned subsidiaries. This shareholder approved plan, other than the "Retention Rights" element, was not activated.

At its meeting on 18 December 2013, the Board approved a redesigned incentive plan encompassing short term incentive (STI) and long term incentive (LTI) components for the Magontec global management group. The principles of this approval were subsequently refined by amendments approved by the Board on 23 February 2017. This plan will be referred to as the **2013 Board Approved Plan**.

The Board now wishes to implement the **2013 Board Approved Plan** with the changes (principally regarding the commencement date) set out in the terms of this resolution, to be known as the **2017 Shareholder Approved Plan**. The **2017 Shareholder Approved Plan** will provide the Company with the ability to issue securities in terms of exception 9 of ASX Listing Rule 7.2 and to issue securities to directors under ASX Listing Rule 10.14.

#### **Principles of the 2017 Shareholder Approved Plan**

##### **i. STI**

- a. The STI **2013 Board Approved Plan** commencement date is 1 January 2014 and annually thereafter.
- b. The STI **2017 Shareholder Approved Plan** as per this resolution, which will implement the **2013 Board Approved Plan** with the changes (principally regarding the commencement date) set out in this resolution, will have a commencement date of 1 January 2017 and annually thereafter.
- c. The STI performance period is the one year period from the relevant commencement date.
- d. Except as modified by the provisions of paragraph e. below, the STI pool available for distribution is equal to 25% of the excess of the actual net operating profit after tax (**Actual NOPAT**) over budgeted net operating profit after tax (**Budgeted NOPAT**) – the resultant figure being referred to as "**The Pool**";
- e. The amount of **The Pool** is modified as follows –
  - i. **The Pool** would not be created where Actual NOPAT is negative; and
  - ii. **The Pool** is constrained by the principles in the following table –

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| % Range   |                      |  |     |
|---|----------------------|--|-----|
| If the UNCONSTRAINED POOL as a % of the ACTUAL NOPAT is in this range | 0.00% to <=12.00%    | Then the MODIFIED POOL is this % of the excess of Actual NOPAT over Budget NOPAT | 25% |
|   | > 12.00% to <=20.00% |  | 15% |
|   | > 20.00%             |  | 8%  |

- f. The constraint as per paragraph e. above will be reviewed periodically by the Remuneration and Appointments Committee (**Rem Co**).
- g. Eligible executives in the global management group will provisionally participate in **The Pool** on a pro rata basis according to the percentage that their salary represents of the aggregate of salaries of eligible executives - the resultant figure being referred to as "**The Provisional Payment**";
- h. Eligible executives will receive –
- i. 45% of **The Provisional Payment** by way of a fixed component; and
  - ii. a residual discretionary component (capped as to 55% of **The Provisional Payment**) determined according to an assessment of the eligible executive's contribution to -
    - regional and Group performance;
    - satisfaction of KPIs laid down by management; and
    - other subjective factors identified by the Rem Co.
- } Together referred to as "**End Payment**"
- i. The resultant **End Payments** are subject to approval by the Board upon the recommendation of Rem Co.
- j. **End Payments** may only be taken in cash.
- k. Eligible executives for the **STI 2017 Shareholder Approved Plan** means the following persons:

| Participant                  | Current Position                         |
|------------------------------|--|
| i. Nicholas Andrews          | Executive Chairman                       |
| ii. John Talbot              | Company Secretary and consultant         |
| iii. Derryn Chin             | Chief Financial Officer                  |
| iv. Christoph Klein-Schmeink | President Europe & Americas              |
| v. Xunyou Tong               | President Magontec Asia                  |
| vi. Patrick Look             | Vice President Finance & Human Resources |

## ii. LTI

- a. The **LTI 2013 Board Approved Plan** commencement date is 1 January 2014 and annually thereafter.
- b. The **LTI 2017 Shareholder Approved Plan** as per this resolution, which will implement the **2013 Board Approved Plan** with the changes (principally regarding the commencement date) set out in this resolution, will have a commencement date of 1 January 2017 and annually thereafter up to and including 1 January 2020.
- c. The LTI performance period is the three year period from the relevant commencement date.

## Performance Rights

### Nature of and Conditions Attaching to Performance Rights

- d. A Performance Right is a conditional right granted by the Company to an eligible executive whereby that conditional right may, subject to the relevant paragraphs o. to t. below, vest as Magontec ordinary shares in respect of participation in the LTI.
- e. Performance Rights –
- i. will lapse in the event of the death, dismissal, retrenchment, retirement or resignation of the eligible executive prior to the end date of the 3 year LTI performance period;
  - ii. vest immediately in the event of a takeover (being the acquisition of control over the voting shares) of the Company; and
  - iii. may not be transferred, assigned or novated except with the approval of the Magontec Remuneration and Appointments Committee (**RemCo**).
- f. If, at the end date of the relevant 3 year LTI performance period, an eligible executive's holding of Performance Rights has not lapsed or vested, then an eligible executive's entitlement to –
- i. the number of Performance Rights will be adjusted for any dilution caused by capital restructures during the relevant 3 year LTI performance period; and
  - ii. the adjusted number of Performance Rights will vest as Magontec ordinary shares according to the relevant paragraphs o to t below.
- g. Eligible executives will not grant any security interest in or over or otherwise dispose of or deal with any Performance Rights or any interest in them until the relevant Magontec ordinary shares are issued to that eligible executive, and any such security interest or disposal or dealing will not be recognised in any manner by the Company.
- h. Eligible executives for the **LTI 2017 Shareholder Approved Plan** means the same persons as those listed in the Explanatory Note in this Item 5 at paragraph i k.
- i. Any additional persons who become entitled to participate in the **LTI 2017 Shareholder Approved Plan** after this resolution is approved and who is
- i. a person described in ASX Listing Rule 10.14; and
  - ii. is not named in this notice of meeting

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will not participate until approval is obtained under ASX Listing Rule 10.14.

- j. Performance Rights do not confer on a participant the right to participate in new issues of shares by the Company, including by way of bonus issue, rights issue or otherwise.

### Grant of Performance Rights

- k. At the commencement date of the relevant 3 year LTI performance period an eligible executive will receive Performance Rights –
  - i. equal in value to 30% of the eligible executive's gross salary at that date;
  - ii. equal in number to the value in paragraph k. i. divided by 75% of the greater of the market value of Magontec ordinary shares on the same date and the market value adopted under this provision at the commencement date of the immediately prior 3 year LTI performance period; and
  - iii. at nil consideration.
- l. The number of Performance Rights in paragraph k. ii will be rounded down to the next whole number if it is not a whole number.
- m. No entitlement to Performance Rights accrues to the eligible executive until an appropriate confirmation from the Company has been received by the eligible executive.
- n. Details of any Performance Rights issued under the *LTI 2017 Shareholder Approved Plan* will be published in each annual report of the Company relating to a period in which the Performance Rights have been issued, and approval for the issue of the Performance Rights under the *LTI 2017 Shareholder Approved Plan* was obtained under ASX Listing Rule 10.14.

### Vesting of Performance Rights as Magontec Ordinary Shares

- o. If, at the end date of the 3 year LTI performance period, the Performance Rights have not lapsed or vested then, at that date, an individual eligible executive's entitlement to –
  - i. the number of Performance Rights in paragraph k. ii above will be adjusted for any dilution caused by capital restructures during the relevant 3 year LTI performance period; and
  - ii. the Performance Rights as per paragraph o. i. will vest as ordinary shares as per the relevant paragraphs q to t for nil consideration.
- p. Based on the formula in paragraph o. i, the current number of eligible executives and other assumptions in the table immediately below, the maximum number of Performance Rights to be issued under the *LTI 2013 Board Approved Plan* is 102,064,552 as per Step 5 of the table below.

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| Determination of Issue of Performance Rights to the Magontec Global Management Group (including the Executive Chairman) |  |                         |                         |                         |                           |                           |                           |                 |
|---|--|-------------------------|-------------------------|-------------------------|---------------------------|---------------------------|---------------------------|-----------------|
| Step  | Element in Formula   | Element Value           |                         |                         |                           |                           |                           | Reference       |
|   | 3 Year LTI Performance Period  | 1 Jan 15 to 31 Dec 17   | 1 Jan 16 to 31 Dec 18   | 1 Jan 17 to 31 Dec 19   | 1 Jan 18 to 31 Dec 20     | 1 Jan 19 to 31 Dec 21     | 1 Jan 20 to 31 Dec 22     |                 |
| 1   | Aggregate salaries of eligible participants at commencement of 3 year LTI period   | \$1,405,381             | \$1,580,264             | \$1,527,227             | \$1,527,227 <sup>10</sup> | \$1,527,227 <sup>10</sup> | \$1,527,227 <sup>10</sup> |                 |
| 2   | 30% * amount in step 1   | \$421,614               | \$474,079               | \$458,168               | \$458,168                 | \$458,168                 | \$458,168                 | Res 5 ii, j i.  |
| 3   | Share price at commencement of 3 year LTI period   | \$0.025 <sup>8</sup>    | \$0.025 <sup>8</sup>    | \$0.040 <sup>8</sup>    | \$0.045 <sup>9</sup>      | \$0.050 <sup>9</sup>      | \$0.055 <sup>9</sup>      |                 |
| 4   | Performance Rights <sup>7</sup> issued at commencement of 3 year LTI period = Amount in step 2 / (75% * share price in step 3) | 22,486,093              | 25,284,226              | 15,272,266              | 13,575,348                | 12,217,813                | 11,107,103                | Res 5 ii, j ii. |
| 5   | Gross up for possible dilution in the period to the end of the 3 year LTI period   | 22,976,790 <sup>1</sup> | 25,749,883 <sup>2</sup> | 15,621,146 <sup>3</sup> | 13,884,941 <sup>4</sup>   | 12,494,505 <sup>5</sup>   | 11,337,287 <sup>6</sup>   |                 |
| 6   | Date of issue of Performance Rights  | 1 Jan 15                | 1 Jan 16                | 1 Jan 17                | 1 Jan 18                  | 1 Jan 19                  | 1 Jan 20                  |                 |
| 7   | Date for conversion to ordinary shares   | 31 Dec 17               | 31 Dec 18               | 31 Dec 19               | 31 Dec 20                 | 31 Dec 21                 | 31 Dec 22                 |                 |

Notes

- 1 Assumes issue of 7,864,192 ordinary shares during 12 months ended 31 Dec 17
- 2 Assumes issue of 8,000,000 ordinary shares during 12 months ended 31 Dec 18
- 3 Assumes issue of 10,000,000 ordinary shares during 12 months ended 31 Dec 19
- 4 Assumes issue of 8,000,000 ordinary shares during 12 months ended 31 Dec 20
- 5 Assumes issue of 8,000,000 ordinary shares during 12 months ended 31 Dec 21
- 6 Assumes issue of 8,000,000 ordinary shares during 12 months ended 31 Dec 22
- 7 These Performance Rights may convert into ordinary shares at the end of the 3 year LTI period in terms of –
  - a. any adjustment for dilution as per the principles in Notes 1 to 6 above (refer Step 5); and
  - b. the share price performance scales at Tables 2, 3 and 4 of Resolution 7.
- 8 The share price is the higher of the share price at the commencement date of the 3 year LTI period and the share price adopted at the commencement date of the prior 3 year LTI period.
- 9 Assumed share price at the commencement date of the 3 year LTI period.
- 10 Assumed salary at commencement date of 3 year LTI period.

|                          | 3 Year LTI Performance Period                            | 1 Jan 15 to 31 Dec 17 | 1 Jan 16 to 31 Dec 18 | 1 Jan 17 to 31 Dec 19 | 1 Jan 18 to 31 Dec 20 | 1 Jan 19 to 31 Dec 21 | 1 Jan 20 to 31 Dec 22 |
|--------------------------|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Nicholas Andrews         | Exec Chairman  | 6,833,947             | 6,811,172             | 4,275,488             | 3,800,291             | 3,419,730             | 3,103,001             |
| John Talbot              | Chief Financial Officer & Company Secretary <sup>1</sup> | 4,496,018             | 3,992,195             | 1,227,413             | 1,090,993             | 981,741               | 890,814               |
| Derryn Chin              | Financial Accountant <sup>2</sup>                        | Nil                   | 2,607,152             | 2,576,033             | 2,289,721             | 2,060,428             | 1,869,595             |
| Christoph Klein-Schmeink | President Europe & Americas                              | 4,806,295             | 5,085,769             | 2,973,577             | 2,643,081             | 2,378,403             | 2,158,120             |
| Xunyou Tong              | President Magontec Asia                                  | 4,570,313             | 4,769,268             | 2,674,317             | 2,377,081             | 2,139,041             | 1,940,927             |
| Patrick Look             | VP Finance & Human Resources                             | 2,270,217             | 2,484,327             | 1,894,318             | 1,683,775             | 1,515,162             | 1,374,831             |
| <b>Total</b>             |  | <b>22,976,790</b>     | <b>25,749,883</b>     | <b>15,621,146</b>     | <b>13,884,941</b>     | <b>12,494,505</b>     | <b>11,337,287</b>     |

Notes

1. Role altered to Company Secretary and consultant on 1 March 2016.
  2. Role altered to Chief Financial Officer on 1 March 2016.
- q. The Performance Rights as per paragraph o. i. will vest as Magontec ordinary shares –
- i. as to a percentage which will be determined by the extent to which performance criteria set by RemCo from time to time have been satisfied; and
  - ii. where the number of Magontec ordinary shares so calculated is not a whole number, the number will be rounded down to the next whole number.
- r. No entitlement to Magontec ordinary shares in paragraph q accrues to the eligible executive until an appropriate confirmation from the Company has been received by the eligible executive.
- s. The Magontec ordinary shares to be issued in terms of paragraph q will be issued at the 10 day VWAP on the date of issue of the ordinary shares.
- t. The **LTI Amount** is equal to the number of Magontec ordinary shares as per paragraph q multiplied by the 10 day VWAP on the date of issue of the ordinary shares.

**The Board (other than Mr Andrews) recommends that shareholders vote in favour of Resolution 5.**

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## ITEM 6: Issue of Ordinary Shares to Executive Chairman Mr Nicholas Andrews (ordinary resolution)

- a. Although the resolution sought at Resolution 5 proposes an LTI commencement date of 1 January 2017, the LTI **2013 Board Approved Plan** envisaged an LTI commencement date of 1 January 2014 to encourage behaviour to drive what was, at the time, a languishing share price (\$0.025 on 1 January 2014).
- b. Shareholder approval to the issue of 1,877,451 ordinary shares to the Executive Chairman Mr Nicholas Andrews is sought on the basis -
  - i. of ASX Listing Rule 10.14 and the disclosures as per ASX Listing Rule 10.15 (refer paragraph c in this Item 6);
  - ii. that the entitlement has been determined as though the principles expounded in Resolution 5 ii applied with an LTI commencement date of 1 January 2014; and
  - iii. of the calculation in Step 5 as follows.

| Theoretical LTI Performance Plan 1 January 2014 to 31 December 2016 to Determine issue of ordinary shares to Mr Andrews as at 31 December 2016 |   |               |                 |
|--|---|---------------|-----------------|
|  | Element in Formula  | Element Value | Reference       |
| 1  | Salary of at 1 January 2014   | \$300,682     |                 |
| 2  | 30% * \$300,682   | \$90,205      | Res 5 ii, k i.  |
| 3  | Theoretical Performance Rights issued on 1 January 2014<br>\$90,205 / (75% * \$0.025) \$0.025= (closing share price 31 December 2013)     | 4,810,917     | Res 5 ii, k ii. |
| 4  | Adjustment at 31 December 2016 to the entitlement to theoretical Performance Rights to take account of dilution <sup>1</sup>              | 6,655,630     | Res 5 ii, o i.  |
| 5  | Conversion of theoretical Performance Rights in 4 to MGL ordinary shares as per Board approved share price performance scale <sup>2</sup> | 1,877,451     | Res 5 ii, o i.  |

Notes:

1. Calculated based on the following ordinary shares on issue -

MGL ordinary shares on issue at 31 Dec 13 813,588,666

MGL ordinary shares on issue at 31 Dec 16 1,132,209,291

2. The conversion of 6,655,630 performance rights to 1,877,451 ordinary shares reflects a conversion rate of 28.21% which is a product of a 30 day VWAP share price of \$0.043 on 31 December 2016 and the share price performance scale at Table 1 approved by the Board on 18 December 2013.

### c. Data Requirement under ASX Listing Rule 10.15

| c. Data Requirement under ASX Listing Rule 10.15 |   |  |                  |                     |                    |  |
|--|---|--|------------------|---------------------|--------------------|--|
| ASX Listing Rule                                 | Description   | Comment  |                  |                     |                    |  |
| 10.15.1  | If person is not a director, relationship to director   | Not applicable – Mr Andrews is a director  |                  |                     |                    |  |
| 10.15.2  | Maximum number of securities that may be acquired by all persons for whom approval is required  | 1,877,451  |                  |                     |                    |  |
| 10.15.3  | The price at which securities are to be acquired  | 10 day VWAP on the day of issue  |                  |                     |                    |  |
| 10.15.4  | All persons referred to in rule 10.14 who have received securities under the scheme since last approval                               | Not applicable   |                  |                     |                    |  |
| 10.15.4A   | All persons referred to in rule 10.14 who are entitled to participate in the scheme   |  |                  |                     |                    |  |
|  | <table><tr><th>Participant</th><th>Current Position</th></tr><tr><td>Mr Nicholas Andrews</td><td>Executive Chairman</td></tr></table> | Participant  | Current Position | Mr Nicholas Andrews | Executive Chairman |  |
| Participant                                      | Current Position  |  |                  |                     |                    |  |
| Mr Nicholas Andrews                              | Executive Chairman  |  |                  |                     |                    |  |
| 10.15.5  | Voting exclusion statement  | As per “Ordinary Business” section on page 2 of this notice.                       |                  |                     |                    |  |
| 10.15.6  | The terms of any loan   | No loan  |                  |                     |                    |  |
| 10.15.7  | Date by which securities are to be issued   | 31 May 2017 and in any event, no later than 12 months from the date of the meeting |                  |                     |                    |  |

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**Table 1 Share Price Performance Scale for Theoretical LTI Performance Period 1 January 2014 to 31 December 2016**

| Performance Level | Share Price            | % of Performance Rights vesting                                  |
|-------------------|------------------------|--|
| Below threshold   | Share price < \$0.040  | 0.00%  |
|                   | Share price = \$0.040  | 25.00%   |
| Threshold range   | Share price > \$0.040  | 25.00% plus 1.25% for each 0.01 cent share price is over \$0.040 |
|                   | Share price < \$0.060  |  |
| Target range      | Share price = \$0.060  | 50.00%   |
|                   | Share price > \$0.060  | 50.00% plus 2.50% for each 0.01 cent share price is over \$0.060 |
| Stretch           | Share price < \$0.080  |  |
|                   | Share price >= \$0.080 | 100.00%  |

The Board (other than Mr Andrews) recommends that shareholders vote in favour of Resolution 6.

## ITEM 7: Issue of Performance Rights to Executive Chairman Mr Nicholas Andrews (ordinary resolution)

- With the LTI 2013 Board Approved Plan envisaging an LTI commencement date of 1 January 2014 this resolution simulates an LTI performance plan for each of the 3 year LTI periods commencing 1 January 2015 and annually thereafter to and including 1 January 2020.
- On this basis shareholder approval to the issue of 28,243,629 Performance Rights to the Executive Chairman Mr Nicholas Andrews is sought on the basis -
  - of ASX Listing Rule 10.14 with the relevant disclosures as per ASX Listing Rule 10.15 (refer paragraph c in this Item 7);
  - that the entitlement has been determined as though the principles expounded in Resolution 5 ii applied with an LTI commencement date of 1 January 2014; and
  - of the calculation in Step 5 as follows.

| Determination of Issue of Performance Rights to Executive Chairman Mr Nicholas Andrews |  |                       |                       |                       |                        |                        |                        |                 |
|--|--|-----------------------|-----------------------|-----------------------|------------------------|------------------------|------------------------|-----------------|
| Step   | Element in Formula   | Element Value         |                       |                       |                        |                        |                        | Reference       |
|  | 3 Year LTI Performance Period  | 1 Jan 15 to 31 Dec 17 | 1 Jan 16 to 31 Dec 18 | 1 Jan 17 to 31 Dec 19 | 1 Jan 18 to 31 Dec 20  | 1 Jan 19 to 31 Dec 21  | 1 Jan 20 to 31 Dec 22  |                 |
| 1  | Salary at commencement of 3 year LTI period  | \$418,000             | \$418,000             | \$418,000             | \$418,000 <sup>4</sup> | \$418,000 <sup>4</sup> | \$418,000 <sup>4</sup> |                 |
| 2  | 30% * amount in step 1   | \$125,400             | \$125,400             | \$125,400             | \$125,400              | \$125,400              | \$125,400              | Res 5 ii, k i.  |
| 3  | Share price at commencement of 3 year LTI period   | \$0.025 <sup>2</sup>  | \$0.025 <sup>2</sup>  | \$0.040 <sup>2</sup>  | \$0.045 <sup>3</sup>   | \$0.050 <sup>3</sup>   | \$0.055 <sup>3</sup>   |                 |
| 4  | Performance Rights <sup>1</sup> issued at commencement of 3 year LTI period = Amount in step 2 / (75% * share price in step 3) | 6,688,000             | 6,688,000             | 4,180,000             | 3,715,556              | 3,344,000              | 3,040,000              | Res 5 ii, k ii. |
| 5  | Gross up for possible dilution in the period to the end of the 3 year LTI period   | 6,833,947             | 6,811,172             | 4,275,488             | 3,800,291              | 3,419,730              | 3,103,001              | Res 5 ii, o i   |
| 6  | Date of issue of Performance Rights  | 1 Jan 15              | 1 Jan 16              | 1 Jan 17              | 1 Jan 18               | 1 Jan 19               | 1 Jan 20               |                 |
| 7  | Date of possible conversion to ordinary shares   | 31 Dec 17             | 31 Dec 18             | 31 Dec 19             | 31 Dec 20              | 31 Dec 21              | 31 Dec 22              |                 |

Notes.

- These Performance Rights may convert into ordinary shares at the end of the 3 year LTI period in terms of –
  - any adjustment for dilution as per the principles in Resolution 5 ii, o i; and
  - the share price performance scales at Tables 2, 3 and 4.
- The share price is the higher of the share price at the commencement date of the 3 year LTI period and the share price adopted at the commencement date of the prior 3 year LTI period.
- Assumed share price at the commencement date of the 3 year LTI period.
- Assumed salary at commencement date of 3 year LTI period.

# NOTICE OF ANNUAL GENERAL MEETING

## c. Data Requirement under ASX Listing Rule 10.15

| ASX Listing Rule | Description   | Comment  |
|------------------|---|--|
| 10.15.1          | If person is not a director, relationship to director   | Not applicable – Mr Andrews is a director  |
| 10.15.2          | Maximum number of securities that may be acquired by all persons for whom approval is required          | 28,243,629   |
| 10.15.3          | The price at which securities are to be acquired  | Nil  |
| 10.15.4          | All persons referred to in rule 10.14 who have received securities under the scheme since last approval | Not applicable   |
| 10.15.4A         | All persons referred to in rule 10.14 who are entitled to participate in the scheme                     |  |
|                  | <b>Participant</b><br>Mr Nicholas Andrews   | <b>Current Position</b><br>Executive Chairman                                      |
| 10.15.5          | Voting exclusion statement  | As per “Ordinary Business” section on page 2 of this notice.                       |
| 10.15.6          | The terms of any loan   | No loan  |
| 10.15.7          | Date by which securities are to be issued   | 31 May 2017 and in any event, no later than 12 months from the date of the meeting |

**Table 2 Share Price Performance Scale for LTI Performance Period 1 January 2015 to 31 December 2017**

| Performance Level | Share Price            | % of Performance Rights vesting                                  |
|-------------------|------------------------|--|
| Below threshold   | Share price < \$0.046  | 0.00%  |
|                   | Share price = \$0.046  | 25.00%   |
| Threshold range   | Share price > \$0.046  | 25.00% plus 1.25% for each 0.01 cent share price is over \$0.046 |
|                   | Share price < \$0.066  |  |
|                   | Share price = \$0.066  | 50.00%   |
| Target range      | Share price > \$0.066  | 50.00% plus 2.27% for each 0.01 cent share price is over \$0.066 |
|                   | Share price < \$0.088  |  |
| Stretch           | Share price >= \$0.088 | 100.00%  |

**Table 3 Share Price Performance Scale for LTI Performance Period 1 January 2016 to 31 December 2018**

| Performance Level | Share Price            | % of Performance Rights vesting                                  |
|-------------------|------------------------|--|
| Below threshold   | Share price < \$0.051  | 0.00%  |
|                   | Share price = \$0.051  | 25.00%   |
| Threshold range   | Share price > \$0.051  | 25.00% plus 1.14% for each 0.01 cent share price is over \$0.051 |
|                   | Share price < \$0.073  |  |
|                   | Share price = \$0.073  | 50.00%   |
| Target range      | Share price > \$0.073  | 50.00% plus 2.08% for each 0.01 cent share price is over \$0.073 |
|                   | Share price < \$0.097  |  |
| Stretch           | Share price >= \$0.097 | 100.00%  |

# NOTICE OF ANNUAL GENERAL MEETING

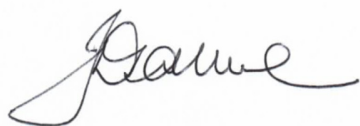
**Table 4 Share Price Performance Scale for LTI Performance Period 1 January 2017 to 31 December 2019**

| Performance Level | Share Price            | % of Performance Rights vesting                                  |
|-------------------|------------------------|--|
| Below threshold   | Share price < \$0.062  | 0.00%  |
| Threshold range   | Share price = \$0.062  | 25.00%   |
|                   | Share price > \$0.062  | 25.00% plus 0.96% for each 0.01 cent share price is over \$0.062 |
| Target range      | Share price < \$0.088  |  |
|                   | Share price = \$0.088  | 50.00%   |
| Stretch           | Share price > \$0.088  | 50.00% plus 1.72% for each 0.01 cent share price is over \$0.088 |
|                   | Share price < \$0.117  |  |
|                   | Share price >= \$0.117 | 100.00%  |

- c. The Performance Rights issued under this resolution are held on the terms and conditions as per Resolution 5 ii paragraphs d to t as appropriate.

**The Board (other than Mr Andrews) recommends that shareholders vote in favour of Resolution 7.**

By order of the board.



**J Talbot**  
Company Secretary  
5 April 2017

**Helpline:** If you have any questions regarding the meeting or proxy voting, please do not hesitate to contact the Company's share registrar **Boardroom Pty Limited** on 1300 737 760 for Australian shareholders or +61 2 9290 9600 for overseas shareholders.