

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

THE MATTERS RAISED IN THIS DOCUMENT WILL AFFECT YOUR SHAREHOLDING IN THE COMPANY. YOU ARE ADVISED TO READ THIS DOCUMENT IN ITS ENTIRETY BEFORE THE GENERAL MEETING REFERRED TO BELOW IS CONVENED.

IF YOU ARE IN ANY DOUBT ABOUT THE ACTION YOU SHOULD TAKE, PLEASE CONSULT YOUR STOCKBROKER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER.

## **BATHURST RESOURCES LIMITED NZCN 4382538**

### **Notice of Annual General Meeting, Explanatory Statement and Proxy Form**

THE ANNUAL GENERAL MEETING WILL BE HELD AT:

**DATE:** 9.30 A.M. (NZDT) WEDNESDAY 28 NOVEMBER 2018

**LOCATION:** THE OFFICE OF MINTER ELLISON RUDD WATTS, LAWYERS, AT LEVEL 18, 125 THE TERRACE, WELLINGTON, 6011 NEW ZEALAND

**PROXIES:** A PROXY FORM FOR USE AT THIS MEETING IS INCLUDED WITH THIS DOCUMENT. TO BE VALID, PROXY FORMS MUST BE COMPLETED AND RETURNED TO THE SHARE REGISTRAR BY NO LATER THAN 9.30 A.M. (NZDT) ON MONDAY 26 NOVEMBER 2018.

**INDEPENDENT ADVISER'S REPORT:** AN INDEPENDENT ADVISER'S REPORT IS INCLUDED WITH THIS DOCUMENT AND SHOULD BE READ TOGETHER WITH THE REST OF THIS DOCUMENT.

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## **PART A: ABOUT THESE DOCUMENTS**

Shareholders in Bathurst Resources Limited NZCN 4382538 (**Company**) are requested to consider and vote upon each of the Resolutions set out in the Notice.

You can vote by:

- attending and voting at the Meeting; or
- appointing someone as your proxy to attend and vote at the Meeting on your behalf, by completing and returning the Proxy Form **DIRECTLY** to the Share Registry in the manner set out on the Proxy Form. The Share Registry must receive your duly completed Proxy Form by no later than 9.30 a.m. (NZDT) on Monday 26 November 2018.

A glossary of capitalised terms used throughout this Document is contained in **Part E**. Unless expressly provided otherwise in this Document, each capitalised term used in this Document has the same meaning as is ascribed to it in **Part E**.

**Please read the whole of this Document and the accompanying Independent Adviser's Report carefully before determining how you wish to vote and then cast your vote accordingly, either in person or by proxy.**

**If you are in doubt as to how you should vote in respect of any Resolution, or any other matter raised in this Document, please seek advice from a qualified professional adviser as soon as practicable.**

## PART B: LETTER FROM THE CHAIRMAN

9 November 2018

Dear Shareholder

I am pleased to invite you to attend our 2018 Annual General Meeting of the shareholders of Bathurst Resources Limited, which is scheduled to be held at 9.30 a.m. (NZDT) on Wednesday 28 November 2018. Enclosed with this letter is the Notice of Meeting which details the items of business to be dealt with at the Meeting.

### RESOLUTIONS

In summary, the business of the Meeting will include receiving and considering the Annual Report of the Company, Directors' Report and Auditor's Report for the financial year ending 30 June 2018, and resolutions in regard to each of:

- re-election (by rotation) of Russell Middleton as an executive Director;
- recording the re-appointment of the Auditor and authorising the Board to fix the Auditor's remuneration for the coming year;
- issue of Performance Rights to each of the Directors under current arrangements;
- approval of a share buyback and 2016 Note conversion;
- approval of conversion of 2017 Notes;
- replacement of the existing Constitution;
- approval of a new Long Term Incentive Plan; and
- issue of Performance Rights to Executive Directors under the proposed new Long Term Incentive Plan.

**The Board unanimously recommends – other than where a Director is excluded from voting or otherwise has a conflict of interest, in which case he makes no recommendation - that Shareholders vote all their Shares in favour of each of the Resolutions proposed in the Notice. Directors and Shareholders that are excluded from voting on one or more of the Resolutions are as noted in Section 3 of Part C of this Document.**

### VOTING

If you plan to attend the Meeting, please bring a copy of the enclosed Proxy Form with you to facilitate your registration at that Meeting.

If you are unable to attend the Meeting, you are encouraged to appoint a proxy to attend and vote on your behalf. To be valid for the purposes of the Meeting, Proxy Forms must be completed and returned as instructed in Section 3 of Part C of the Notice of Meeting, by no later than **9.30 a.m. (NZDT) on Monday 26 November 2018**. Full instructions for voting by proxy are detailed on the back of the Proxy Form.

Shareholders who did not elect to receive a copy of the Annual Report by mail are able to access it through the "Investor Centre" section of our Share Registry's website, at [www.investorcentre.com/nz](http://www.investorcentre.com/nz).

**Each Shareholder's vote is important and I encourage you to either attend the Meeting in person or complete the Proxy Form accompanying this Document and return it to the Share Registry in accordance with the directions, and by the time and date, referred to above.**

Yours faithfully

Toko Kapea  
Chairman

## PART C: NOTICE OF ANNUAL GENERAL MEETING

### BATHURST RESOURCES LIMITED NZCN 4382538

#### SECTION 1: TIME AND PLACE OF MEETING

**NOTICE** is hereby given that the 2018 Annual General Meeting of the shareholders of Bathurst Resources Limited NZCN 4382538 (**Company**) will be held at the following time and location, and will conduct the business specified in Section 2 of this Part C, below:

**Date:** Wednesday 28 November 2018

**Time:** 9.30 a.m. (NZDT)

**Location:** The office of Minter Ellison Rudd Watts Lawyers, Level 18, 125 The Terrace  
Wellington 6011, New Zealand

#### SECTION 2: RESOLUTIONS OF ANNUAL GENERAL MEETING

##### A. RECEIVE AND CONSIDER ANNUAL REPORT AND ACCOUNTS

To receive and consider:

- the Annual Report of the Company;
- the Directors' Report; and
- the Auditor's Report,

each for the financial year ending 30 June 2018.

During this item of business, Shareholders will have the opportunity to ask questions about and comment on the Company's management, operations, financial position, business strategies and prospects.

Shareholders will also have the opportunity for direct questions to the Auditor, to the extent relevant to the conduct of the audit of the Company, the preparation and contents of the Auditor's Report contained in Section 2 of the Annual Report (pages 84 - 88), the accounting policies adopted by the Company in the preparation of its financial statements and the independence of the Auditor.

##### B. RE-ELECTION OF RUSSELL MIDDLETON AS AN EXECUTIVE DIRECTOR

To consider and, if thought fit, pass the following resolution as an **Ordinary Resolution**:

###### **Resolution 1 – Re-election of Russell Middleton as an executive Director retiring by rotation**

*“That Russell Middleton who retires as a director by rotation in accordance with Listing Rule 14.4 and the provisions of the Constitution, and being eligible, offers himself for re-election, be re-elected as a Director of the Company.”*

The Chair of the Meeting intends to vote all undirected proxies in favour of this Resolution.

##### C. APPOINTMENT AND DETERMINATION OF REMUNERATION OF AUDITOR

To consider and, if thought fit, pass the following resolution as an Ordinary Resolution:

###### **Resolution 2 – Re-appointment and remuneration of Auditor**

*“To record the re-appointment of KPMG as auditor of the Company and to authorise the Directors to fix the Auditor's remuneration for the coming year.”*

The Chair of the Meeting intends to vote all undirected proxies in favour of this Resolution.

**D. ISSUE OF PERFORMANCE RIGHTS TO MR RICHARD TACON**

To consider and, if thought fit, pass the following resolution, with or without amendment, as an **Ordinary Resolution**:

**Resolution 3 – Issue of 1,055,000 Performance Rights to Richard Tacon**

*“THAT, for the purposes of Listing Rule 10.11 and for all other purposes, Shareholders approve the issue to the Executive Director and Chief Executive Officer of the Company, Mr Richard Tacon (or his nominee) of up to 1,055,000 Performance Rights on the terms and conditions set out in Section 4 of the Explanatory Statement accompanying this Notice of Meeting and for the issue of Shares upon the exercise of those Performance Rights.”*

The Chair of the Meeting intends to vote all undirected proxies in favour of this Resolution.

**E. ISSUE OF PERFORMANCE RIGHTS TO MR RUSSELL MIDDLETON**

To consider and, if thought fit, pass the following resolution, with or without amendment, as an **Ordinary Resolution**:

**Resolution 4 – Issue of 1,000,000 Performance Rights to Russell Middleton**

*“THAT, for the purposes of Listing Rule 10.11 and for all other purposes, Shareholders approve the issue to the Executive Director and Chief Financial Officer of the Company, Mr Russell Middleton (or his nominee) of up to 1,000,000 Performance Rights on the terms and conditions set out in Section 5 of the Explanatory Statement accompanying this Notice of Meeting and for the issue of Shares upon the exercise of those Performance Rights.”*

The Chair of the Meeting intends to vote all undirected proxies in favour of this Resolution.

**F. ISSUE OF PERFORMANCE RIGHTS TO MR TOKO KAPEA**

To consider and, if thought fit, pass the following resolution, with or without amendment, as an **Ordinary Resolution**:

**Resolution 5 – Issue of 250,000 Performance Rights to Toko Kapea**

*“THAT, for the purposes of Listing Rule 10.11 and for all other purposes, Shareholders approve the issue to the Non Executive Chairman of the Company, Mr Toko Kapea (or his nominee) of up to 250,000 Performance Rights on the terms and conditions set out in Section 6 of the Explanatory Statement accompanying this Notice of Meeting and for the issue of Shares upon the exercise of those Performance Rights.”*

The Chair of the Meeting intends to vote all undirected proxies in favour of this Resolution.

**G. ISSUE OF PERFORMANCE RIGHTS TO MR PETER WESTERHUIS**

To consider and, if thought fit, pass the following resolution, with or without amendment, as an **Ordinary Resolution**:

**Resolution 6 – Issue of 250,000 Performance Rights to Peter Westerhuis**

*“THAT, for the purposes of Listing Rule 10.11 and for all other purposes, Shareholders approve the issue to the Non-Executive Director of the Company, Mr Peter Westerhuis (or his nominee) of up to 250,000 Performance Rights on the terms and conditions set out in Section 7 of the Explanatory Statement accompanying this Notice of Meeting and for the issue of Shares upon the exercise of those Performance Rights.”*

The Chair of the Meeting intends to vote all undirected proxies in favour of this Resolution.

**H. APPROVAL OF SHARE BUYBACK AND 2016 NOTE CONVERSION**

To consider and, if thought fit, pass the following resolution as an **Ordinary Resolution**:

**Resolution 7 – Approval of share buyback and 2016 Note conversion**

“THAT:

- A. *for the purposes of Section 4 of the Takeovers Code (Class Exemptions) Notice (No 2) 2001 (New Zealand) and for all other purposes, the acquisition by the Company of up to 75,000,000 ordinary shares on the terms and conditions set out in Section 8 of the Explanatory Statement accompanying this Notice of Meeting be approved; and*
- B. *for the purposes of Section 7(d) of the Takeovers Code (New Zealand) and for all other purposes, approval is given for the Company to issue up to 84,409,091 of the Company’s ordinary shares to Republic Investment Management Pte Limited (RIM) on conversion (if any) of the 2016 Notes held by RIM, as explained in Section 8 of the Explanatory Statement accompanying this Notice of Meeting.”*

The Chair of the Meeting intends to vote all undirected proxies in favour of this Resolution.

**I. APPROVAL OF CONVERSION OF 2017 NOTES**

To consider and, if thought fit, pass the following resolution as an **Ordinary Resolution**:

**Resolution 8 – Approval of Conversion of 2017 Notes**

*“THAT, for the purposes of Section 7(d) of the Takeovers Code (New Zealand) and for all other purposes, approval is given for the Company to issue up to 13,333,333 of the Company’s ordinary shares to RIM on conversion (if any) of the 2017 Notes held by RIM, as explained in Section 9 of the Explanatory Statement accompanying this Notice of Meeting.*

The Chair of the Meeting intends to vote all undirected proxies in favour of this Resolution.

**J. REPLACEMENT OF CONSTITUTION**

To consider and, if thought fit, pass the following resolution as a **Special Resolution**:

**Resolution 9 – Replacement of Constitution**

*“THAT in accordance with the provisions of section 32 of the Companies Act, the Company’s existing Constitution be revoked and the proposed replacement Constitution in the form attached at Annexure A to this Notice of Meeting, be adopted as the Company’s new Constitution.”*

The Chair of the Meeting intends to vote all undirected proxies in favour of this Resolution.

**K. ADOPTION OF NEW LONG TERM INCENTIVE PLAN**

To consider and, if thought fit, pass the following resolution, with or without amendment, as an **Ordinary Resolution**:

**Resolution 10 – adoption of replacement Long Term Incentive Plan**

*“THAT, pursuant to and in accordance with the provisions of Listing Rule 7.2, Exception 9(b) and for all other purposes, Shareholders approve the adoption of the New LTIP (as defined in the Glossary) in place of the Existing LTIP (as defined in the Glossary) and the grant and issue of Performance Rights and other equity securities on the terms and conditions of the New LTIP, as described in Section 11 of the Explanatory Statement.”*

The Chair of the Meeting intends to vote all undirected proxies in favour of this Resolution.

**L. ISSUE OF PERFORMANCE RIGHTS TO MR RICHARD TACON UNDER NEW LTIP**

To consider and, if thought fit, pass the following resolution, with or without amendment, as an **Ordinary Resolution**:

**Resolution 11 – Issue of 2,954,545 Performance Rights to Richard Tacon**

*“THAT, for the purposes of Listing Rule 10.14 and for all other purposes, Shareholders approve the issue to the Executive Director and Chief Executive Officer of the Company, Mr Richard Tacon (or his nominee) of up to 2,954,545 New LTIP Performance Rights pursuant to the provisions of the New LTIP and otherwise upon the terms and conditions set out in Section 12*

*of the Explanatory Statement accompanying this Notice of Meeting and for the issue of Shares upon the exercise of those Performance Rights.”*

The Chair of the Meeting intends to vote all undirected proxies in favour of this Resolution.

**M. ISSUE OF PERFORMANCE RIGHTS TO MR RUSSELL MIDDLETON UNDER NEW LTIP**

To consider and, if thought fit, pass the following resolution, with or without amendment, as an **Ordinary Resolution**:

**Resolution 12 – Issue of 1,636,364 Performance Rights to Russell Middleton**

*“THAT, for the purposes of Listing Rule 10.14 and for all other purposes, Shareholders approve the issue to the Executive Director and Chief Executive Officer of the Company, Mr Russell Middleton (or his nominee) of up to 1,636,364 New LTIP Performance Rights pursuant to the provisions of the New LTIP and otherwise upon the terms and conditions set out in Section 13 of the Explanatory Statement accompanying this Notice of Meeting and for the issue of Shares upon the exercise of those Performance Rights.”*

The Chair of the Meeting intends to vote all undirected proxies in favour of this Resolution.

**N. OTHER BUSINESS**

To transact any other business as may be brought before the Meeting.

**By order of the Board**



Bill Lyne  
Company Secretary  
Dated: 9 November 2018



## SECTION 3: DIRECTIONS REGARDING MEETING

### How to Vote

You may vote by attending the Meeting in person, by proxy or authorised representative.

### Voting in Person

To vote in person, please attend the Meeting on the date, time and place set out above.

### Voting by Proxy

To vote by proxy, please complete and sign the Proxy Form enclosed with this Document as soon as possible and either send, deliver, courier or mail the duly completed Proxy Form to the Share Registry:

- by courier to: Computershare Investor Services Limited at 159 Hurstmere Road, Takapuna, Auckland 0622, New Zealand;
- by mail to Computershare Investor Services Limited, Private Bag 92119, Auckland 1142, New Zealand;
- by facsimile to: +64 9 488 8787; or
- online at [www.investorvote.co.nz](http://www.investorvote.co.nz)

so that it is received **no later than 9.30 a.m. (NZDT) on 26 November 2018**.

Complete details on how to vote by proxy are set out on the back of your Proxy Form.

Please read this Document carefully and in its entirety, determine how you wish to vote in relation to each of the Resolutions and then cast your vote accordingly.

If you do not understand any part of this Document, or are in any doubt as to the course of action you should follow, you should contact your financial or other professional adviser immediately.

### Determination of Membership and Voting Entitlement for the Purpose of the Meeting

For the purpose of determining a person's entitlement to attend and vote at the Meeting, a person will be recognised as a Shareholder if that person is registered as a holder of Shares at **5.00 p.m. (NZDT) on 26 November 2018**. The Board has determined that the Shares on issue at that time will be taken, for the purposes of the Meeting, to be duly held by the person or persons who are registered as the holder or holders of those Shares in the Share Registry, at that time. Accordingly, transfers of Shares registered after that time and date will be disregarded in determining entitlements to attend and vote at the Meeting.

### Voting Exclusion Statements

In accordance with the applicable law, the Takeovers Code and the Listing Rules, the following persons must not cast any votes on the relevant Resolution specified below, and the Company will disregard any votes cast in favour of that Resolution by:

Resolution	Excluded Voters
3	Richard Tacon or any Associate of Richard Tacon
4	Russell Middleton or any Associate of Russell Middleton
5	Toko Kapea or any Associate of Toko Kapea
6	Peter Westerhuis or any Associate of Peter Westerhuis
7	Republic Investment Management Pte Limited or any Associate of Republic Investment Management Pte Limited.

Resolution	Excluded Voters
8	Republic Investment Management Pte Limited or any Associate of Republic Investment Management Pte Limited
10	Any Director or any Associate of a Director.
11	Richard Tacon, any other Eligible Director or any Associate of any of the foregoing.
12	Russell Middleton, any other Eligible Director or any Associate of any of the foregoing.

However, the Company need not disregard a vote if it is cast by:

- (a) in relation to each of the Resolutions stated in the table immediately above:
  - (i) a person acting as proxy for a person who is entitled to vote, in accordance with a written direction on the Proxy Form to vote as the proxy specifies in relation to any such Resolution or
  - (ii) the Chair as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, where the Proxy Form does **not** specify the way the proxy is to vote on any such Resolution but expressly authorises the Chair to exercise the proxy; and
- (b) in relation to any other Resolution:
  - (i) a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
  - (ii) the Chair 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.

### Proxies

A Shareholder entitled to attend and vote at the Meeting pursuant to the Constitution, is entitled to appoint one or more proxies (provided that more than one proxy is not appointed to exercise the rights attached to a particular Share held by the Shareholder). Where more than one proxy is appointed, each proxy may be appointed to represent a specific proportion of the Shareholder's voting rights. A proxy need not be a Shareholder. Any instrument of proxy deposited or received by the Company in which the name of the appointee is not filled in shall be deemed to be given in the favour of the Chair.

The instrument appointing a proxy, as well as any power of attorney (or a certified copy thereof) under which a proxy is appointed, must be received by the Share Registry by no later than **9.30 a.m. (NZDT) on 26 November 2018**, in accordance with the instructions provided on the back of the Proxy Form.

The instrument of appointment of a proxy must be executed by the appointor or its duly authorised representative. The Proxy Form which accompanies this Notice may be used to appoint a proxy for the purposes of the Meeting.

### Corporate representative

A Shareholder that is a company and that wishes to appoint a person to act as its representative at the Meeting may do so in the same manner as that in which it could appoint a proxy.

## **PART D: EXPLANATORY STATEMENT**

### **Introduction**

This Explanatory Statement is included in and forms part of the Notice of Meeting. It contains an explanation of, and information about, the Resolutions to be considered at the Meeting. It is given to Shareholders to help them determine how to vote on the Resolutions set out in the Notice of Meeting.

Shareholders should read this Explanatory Statement in full as the individual sections of this Document may not necessarily give a comprehensive review of the Resolutions proposed in the Notice of Meeting.

If you are in doubt about what to do in relation to a Resolution, you should consult your financial or other professional adviser.

### **No Interdependency with other Resolutions**

For the avoidance of doubt, the failure of any Resolution to be passed by Shareholders or any variation of a Resolution will not, of itself, cause any other Resolution to not be approved, withdrawn or varied. Each Resolution will be voted upon by Shareholders, and if so approved, be undertaken regardless of whether or not any other Resolution is passed by Shareholders.

Parts A and B of Resolution 7 form a single Resolution.

### **Disclosure in relation to the business of the Meeting, including the Resolutions**

#### **1. Ordinary Business**

To receive and consider:

- the Annual Report of the Company;
  - the Directors' Report (see pages 36 to 37 of the Annual Report); and
  - the Auditor's Report (see pages 84 to 88 of the Annual Report),
- each for the financial year ending 30 June 2018.

Please note that a copy of each of the above reports is available at [www.bathurst.co.nz](http://www.bathurst.co.nz)

#### **2. Resolution 1 – Re-election of Russell Middleton as a Director, retiring by rotation**

In accordance with Listing Rule 14.4 and clause 27.5 of the Constitution, Russell Middleton retires by rotation, effective at the conclusion of the Meeting, and being eligible, offers himself for re-election.

Mr Middleton:

- was appointed a non-executive Director on 24 April 2015;
- was appointed an executive Director on 4 May 2017;
- was appointed as Chief Financial Officer of the Company on 31 August 2017;
- serves as a member of the Audit and Risk Committee;
- is a nominee director of the Company, on the board of BT Mining Limited, being a joint venture company with Talleys Energy Limited that in turn owns and operates each of the Stockton Mine, Upper Waimangaroa (including Cypress), Rotowaro Mine, Maramarua Mine and other assets at Huntly West; and
- is a director of Bathurst Resources (Canada) Limited (a wholly owned subsidiary of the Company), and the nominee director of that subsidiary company on the board of NWP

Coal Canada Limited, a joint venture with Jameson Resources Limited, in respect of the Crown Mountain Coking Coal Project in Canada.

### 3. **Resolution 2 – Appointment and determination of remuneration of Auditor**

Section 207T of the Companies Act provides that a company's auditor is automatically re-appointed unless there is a resolution or other reason for the auditor not to be re-appointed. The Company wishes KPMG to continue as the Company's auditor, and KPMG has indicated its willingness to do so.

Section 207S of the Companies Act provides that the fees and expenses of the auditor are to be fixed in such a manner as the Company determines at the Meeting. The Board proposes that the Auditor's fees be fixed by the Directors.

### 4. **Resolution 3 – Proposed issue of Performance Rights to Richard Tacon**

The Board has resolved to issue to Mr Richard Tacon, subject to obtaining the requisite and prior Shareholder approval for the purposes of Listing Rule 10.11, 1,055,000 Performance Rights (**Tacon Performance Rights**) in recognition of the past performance of Mr Tacon, and in particular a 67% increase in the Company's Share price – namely from A\$.09 to A\$.15 per Share – in respect of the period between 1 July 2017 and 30 June 2018.

Assuming Resolution 3 is approved by the Shareholders at the Meeting and in accordance with its terms:

- (a) all 1,055,000 Tacon Performance Rights will, when vested, entitle the holder to convert its Tacon Performance Rights into Shares that rank equally with all other Shares then on issue; and
- (b) no further Shareholder approval of Resolution 3 is required under Listing Rule 7.1.

Listing Rule 10.11 requires Shareholder approval to be obtained (subject to certain exceptions) where an entity issues, or agrees to issue, equity securities (which includes convertible securities) to a related party, or to a person whose relationship with that entity or related party is, in ASX's opinion, such that approval should be obtained.

Mr Tacon is, due to being a Director, a related party of the Company,

If Shareholder approval of Resolution 3 is obtained, the issue of any Shares upon or as a result of the exercise of any Tacon Performance Right will not require further Shareholder approval as they will fall within the terms of Listing Rule 10.12, Exception 7.

#### ***Terms and Conditions of the Tacon Performance Rights***

The terms and conditions of the Tacon Performance Rights are as follows:

- (a) each Tacon Performance Right will vest in the holder on 31 December 2019 (**Tacon Vesting Date**);
- (b) each Tacon Performance Right will lapse if Mr Tacon fails to remain employed by the Company or any Subsidiary of the Company until the Tacon Vesting Date;
- (c) each Tacon Performance Right, when exercised, will entitle the holder to acquire one (1) Share;
- (d) the issue price of each Tacon Performance Right is nil;
- (e) no funds will be raised from the issue of the Tacon Performance Rights upon approval of Resolution 3;

- (f) the maximum number of Tacon Performance Rights that will be issued upon approval of Resolution 3 will be 1,055,000;
- (g) all Tacon Performance Rights that will be issued upon approval of Resolution 3 will be issued within 1 month of the date of this Meeting;
- (h) the exercise price of each Tacon Performance Right is nil; and
- (i) the exercise of all Tacon Performance Rights must occur within ninety (90) days of the Tacon Vesting Date.

#### **5. Resolution 4 – Proposed issue of Performance Rights to Russell Middleton**

The Board has resolved to issue to Mr Russell Middleton, subject to obtaining the requisite and prior Shareholder approval for the purposes of Listing Rule 10.11, 1,000,000 Performance Rights (**Middleton Performance Rights**) in recognition of the past performance of Mr Middleton, and in particular a 67% increase in the Company's Share price – namely from A\$.09 to A\$0.15 per Share – in respect of the period between 1 July 2017 and 30 June 2018.

Assuming Resolution 4 is approved by the Shareholders at the Meeting and in accordance with its terms:

- (a) all 1,000,000 Middleton Performance Rights will, when vested, entitle the holder to convert its Middleton Performance Rights into Shares that rank equally with all other Shares then on issue; and
- (b) no further Shareholder approval of Resolution 4 is required under Listing Rule 7.1.

Mr Middleton is, due to being a Director, a related party of the Company,

If Shareholder approval of Resolution 4 is obtained, the issue of any Shares upon or as a result of the exercise of any Middleton Performance Right will not require further Shareholder approval as they will fall within the terms of Listing Rule 10.12, Exception 7.

#### ***Terms and Conditions of the Middleton Performance Rights***

The terms and conditions of the Middleton Performance Rights are as follows:

- (a) each Middleton Performance Right will vest in the holder on 31 December 2019 (**Middleton Vesting Date**);
- (b) each Middleton Performance Right will lapse if Mr Middleton fails to remain employed by the Company or any Subsidiary of the Company until the Middleton Vesting Date;
- (c) each Middleton Performance Right, when exercised, will entitle the holder to acquire one Share;
- (d) the issue price of each Middleton Performance Right is nil;
- (e) no funds will be raised from the issue of the Middleton Performance Rights upon approval of Resolution 4;
- (f) the maximum number of Middleton Performance Rights that will be issued upon approval of Resolution 4 will be 1,000,000;
- (g) all Middleton Performance Rights that will be issued upon approval of Resolution 4 will be issued within 1 month of the date of this Meeting;
- (h) the exercise price of each Middleton Performance Right is nil; and

- (i) the exercise of all Middleton Performance Rights must occur within 90 days of the Middleton Vesting Date.

## **6. Resolution 5 – Proposed issue of Performance Rights to Toko Kapea**

The Board has resolved to issue to Mr Toko Kapea, subject to obtaining the requisite and prior Shareholder approval for the purposes of Listing Rule 10.11, 250,000 Performance Rights (**Kapea Performance Rights**) in recognition of the past performance of Mr Kapea, and in particular a 67% increase in the Company's Share price – namely from A\$.09 to A\$.15 per Share – in respect of the period between 1 July 2017 and 30 June 2018.

Assuming Resolution 5 is approved by the Shareholders at the Meeting and in accordance with its terms:

- (a) all 250,000 Kapea Performance Rights will, when vested, entitle the holder to convert its Kapea Performance Rights into Shares that rank equally with all other Shares then on issue; and
- (b) no further Shareholder approval of Resolution 5 is required under Listing Rule 7.1.

Mr Kapea is, due to being a Director, a related party of the Company,

If Shareholder approval of Resolution 5 is obtained, the issue of any Shares upon or as a result of the exercise of any Kapea Performance Right will not require further Shareholder approval as they will fall within the terms of Listing Rule 10.12, Exception 7.

### ***Terms and Conditions of the Kapea Performance Rights***

The terms and conditions of the Kapea Performance Rights are as follows:

- (a) each Kapea Performance Right will vest in the holder on 31 December 2019 (**Kapea Vesting Date**);
- (b) each Kapea Performance Right will lapse if Mr Kapea voluntarily ceases to be a director of the Company prior to the Kapea Vesting Date;
- (c) each Kapea Performance Right, when exercised, will entitle the holder to acquire one Share;
- (d) the issue price of each Kapea Performance Right is nil;
- (e) no funds will be raised from the issue of the Kapea Performance Rights upon approval of Resolution 5;
- (f) the maximum number of Kapea Performance Rights that will be issued upon approval of Resolution 5 will be 250,000;
- (g) all Kapea Performance Rights that will be issued upon approval of Resolution 5 will be issued within 1 month of the date of this Meeting;
- (h) the exercise price of each Kapea Performance Right is nil; and
- (i) the exercise of all Kapea Performance Rights must occur within 90 days of the Kapea Vesting Date.

## **7. Resolution 6 – Proposed issue of Performance Rights to Peter Westerhuis**

The Board has resolved to issue to Mr Peter Westerhuis, subject to obtaining the requisite and prior Shareholder approval for the purposes of Listing Rule 10.11, 250,000 Performance Rights

**(Westerhuis Performance Rights)** in recognition of the past performance of Mr Westerhuis, and in particular a 67% increase in the Company's Share price – namely from A\$.09 to A\$.15 per Share – in respect of the period between 1 July 2017 and 30 June 2018.

Assuming Resolution 6 is approved by the Shareholders at the Meeting and in accordance with its terms:

- (a) all 250,000 Westerhuis Performance Rights will, when vested, entitle the holder to convert its Westerhuis Performance Rights into Shares that rank equally with all other Shares then on issue; and
- (b) no further Shareholder approval of Resolution 6 is required under Listing Rule 7.1.

Mr Westerhuis is, due to being a Director, a related party of the Company,

If Shareholder approval of Resolution 6 is obtained, the issue of any Shares upon or as a result of the exercise of any Westerhuis Performance Right will not require further Shareholder approval as they will fall within the terms of Listing Rule 10.12, Exception 7.

### ***Terms and Conditions of the Westerhuis Performance Rights***

The terms and conditions of the Westerhuis Performance Rights are as follows:

- (a) each Westerhuis Performance Right will vest in the holder on 31 December 2019 (**Westerhuis Vesting Date**);
- (b) each Westerhuis Performance Right will lapse if Mr Westerhuis voluntarily ceases to be a director of the Company prior to the Westerhuis Vesting Date;
- (c) each Westerhuis Performance Right, when exercised, will entitle the holder to acquire one Share;
- (d) the issue price of each Westerhuis Performance Right is nil;
- (e) no funds will be raised from the issue of the Westerhuis Performance Rights upon approval of Resolution 6;
- (f) the maximum number of Westerhuis Performance Rights that will be issued upon approval of Resolution 6 will be 250,000;
- (g) all Westerhuis Performance Rights that will be issued upon approval of Resolution 6 will be issued within 1 month of the date of this Meeting;
- (h) the exercise price of each Westerhuis Performance Right is nil; and
- (i) the exercise of all Westerhuis Performance Rights must occur within 90 days of the Westerhuis Vesting Date.

## **8. Resolution 7 – Approval of Share Buyback and July 2016 Note conversion**

On 28 August 2018, the Company announced that it would undertake an on-market buyback programme for a maximum of 75,000,000 Shares, representing approximately 4.7% of the Company's ordinary shares on issue (**Share Buyback**). Shares that are bought-back by the Company pursuant to the Share Buyback will be cancelled (or may be held as treasury stock) until re-issued. Upon being cancelled (or whilst held as treasury stock), the Shares cease to have voting rights. The Share Buyback programme commenced on 25 October 2018.

The Company's major shareholder, Republic Investment Management Pte Limited (**RIM**) may elect not to participate in the Share Buyback. If it does not participate then, because other

Shares that are bought back are cancelled or otherwise cease to have voting rights, the number of shares that RIM holds after completion of the Share Buyback will represent a greater percentage of all the Company's Shares – even though RIM does not acquire any more Shares. This has implications under the Takeovers Code.

### **Reasons for Share Buyback**

The Company wishes to undertake the Share Buyback as it is in a strong financial position with minimal debt on the balance sheet and significant net cash reserves, complemented by continued strong cashflows from both domestic and export businesses, and the outlook for steelmaking coal remains strong in the short to medium term. The Company considers the Share Buyback to be in the interests of all Shareholders and will be accretive in the overall value of the Company's Shares.

### **Takeovers Code Requirements**

As the Share Buyback may result in an increase in the number of voting rights held by RIM, RIM could find itself in contravention of Rule 6 of the Takeovers Code (known as the **fundamental rule**). Rule 6 prohibits a Shareholder (together with its Associates) from becoming the holder or controller of an increased percentage of voting rights unless, after that event, the Shareholder (and its Associates) hold or control in total not more than 20% of voting rights attaching to Shares. Rule 6 also prohibits a Shareholder who holds or controls (together with its Associates) 20% or more of the voting rights from holding or controlling any increased percentage of voting rights in the relevant code company. There are, however, certain exemptions and exceptions to this fundamental rule upon which a Shareholder could seek to rely (discussed below). The Company understands that no other Shareholders are "Associates" of RIM for the purposes of the Takeovers Code.

As noted in the Company announcement of 28 August 2018, the Share Buyback, of itself, does not require Shareholder approval (as discussed under the Companies Act Requirements below) and as noted above, the Share Buyback commenced on 25 October 2018. However if the Share Buyback results in the percentage of voting rights held or controlled by RIM increasing in breach of the fundamental rule due to the Share Buyback, then RIM may have to dispose of certain of its Shares within 6 months of such increase in order to reduce its percentage of voting rights in accordance with clause 5 of the Takeovers Code (Class Exemption) Notice (No. 2) 2001 (**Class Exemption**). This may place downward pressure on the Company's Share price.

Clause 4 of the Class Exemption provides that RIM will be permitted to retain any increase in its voting rights that occurs as a result of the Share Buyback, if the Shareholders approve the Share Buyback by Ordinary Resolution. Therefore, the increase in voting rights of RIM in excess of 20% as a result of the Share Buyback would, if approved by Shareholders pursuant to Resolution 7, be permitted as an exception to rule 6(1) of the Takeovers Code in reliance on the buyback exemption in clause 4 of the Class Exemption.

RIM currently controls in aggregate, 19.89% of the voting rights in the Company. If Resolution 7 is passed in accordance with its terms, and assuming that:

- RIM does not participate in the Share Buyback; and
- the maximum number of Shares that are the subject of the Share Buyback (namely 75,000,000 Shares) are bought back and cancelled,

RIM will consequently control 20.87% of the voting rights in the Company (prior to the conversion of any outstanding 2017 Notes or 2016 Notes).

Based on the assumptions referred to immediately above, as well as all 2017 Notes and 2016 Notes held by RIM (but not those held by others) being converted as discussed in section 9 of



this Explanatory Statement, RIM would consequently control a maximum aggregate of 25.65% of the voting rights in the Company.

Further information regarding the Share Buyback and the potential increase in RIM's voting rights in the Company, as required by the Class Exemption to be set out in the Notice of Meeting, is set out in **Annexure C**. Please also refer to the Independent Adviser's Report set out in **Annexure F** for further analysis as to the impact of the Share Buyback and the potential increase in voting rights that may be acquired by RIM.

Resolution 7 seeks approval by the Shareholders of the Share Buyback for the purposes of clause 4 of the Class Exemption, which if given, would enable RIM to retain any increase in voting rights that may occur as a result of the Share Buyback.

### **Companies Act Requirements**

Shareholder approval of the Share Buyback is not required under section 65 of the Companies Act as less than 5% of the Shares are subject to the Share Buyback. Shareholder approval is being sought from Shareholders solely due to the requirements of the Takeovers Code and consequently, the Class Exemption on which RIM is seeking to rely, and for the reasons stated immediately above.

### **2016 Notes**

At the special meeting of Shareholders held on 23 June 2016 (**2016 EGM**), the Shareholders approved (both for the purposes of the Listing Rules and the Takeovers Code), the issue of up to 193,181,818 Shares to RIM, and up to 90,909,091 Shares to other professional investors, upon conversion of the convertible notes issued by the Company and otherwise described in the notice of the 2016 EGM (**2016 Notes**). Pursuant to that shareholder approval, on 22 July 2016 RIM was issued with 2,150 2016 Notes, of which 293 have since been converted into 13,318,182 Shares. In the ordinary course, RIM would be able to convert the outstanding 1,857 2016 Notes into 84,409,091 Shares without any further Shareholder approval (even if that issue would take RIM's voting rights above 20%), as such an outcome was approved at the 2016 EGM.

However, due to what appears to be an unintended consequence of the current provisions of the Class Exemption, if the Share Buyback is approved for the purposes of the Class Exemption – as contemplated in paragraph (a) of Resolution 7 - RIM would become prohibited from increasing its voting rights above the maximum percentage increase attributable to the Share Buyback (being 20.87%) for the duration of the buy back period (i.e. until 24 October 2019). That is due to the fact that the notice of the 2016 EGM did not anticipate any increase in RIM's percentage shareholding arising as a result of the Share Buyback (and nor could it have possibly done, as the Share Buyback was not contemplated at the time of the 2016 EGM). As a result, without the additional Shareholder approval of the matters referred to in paragraph (b) of Resolution 7 - RIM would not be able to convert all of the outstanding 2016 Notes prior to their maturity.

Resolution 7 therefore includes a "refresh" of the approval that was given by shareholders at the 2016 EGM, that will have the effect of re-approving the increase in RIM's percentage shareholding which may result from the conversion of the outstanding 2016 Notes held by RIM.

By way of clarification, please note that:

- paragraphs (a) and (b) of Resolution 7 form a single resolution and must be voted on as a single resolution; and
- if Resolution 7 is not passed:

- the shareholder approval to the conversion of all outstanding 2016 Notes given at the 2016 EGM remains valid; and
- RIM will still be entitled to convert its 2016 Notes into Shares, but to the extent that any Share Buyback increases RIM's voting rights above 20%, RIM will have to dispose of that number of additional voting rights within 6 months of such increase in accordance with clause 5 of the Class Exemption.

The information required by rule 7(d) of the Takeovers Code to be set out in the Notice of Meeting is included in **Annexure C**. The issue of Shares to RIM upon conversion of its 2016 Notes will, if Resolution 7 is approved by Shareholders, be permitted under rule 7(d) of the Takeovers Code as an exception to the fundamental rule.

### **Independent Adviser's Report**

Simmons Corporate Finance, an independent adviser approved by the Takeovers Panel, has prepared a report on the merits of the Share Buyback and conversion of the 2016 Notes and the report accompanies this Notice of Meeting at **Annexure F**.

### **Directors' Recommendation**

The Directors recommend that all Shareholders vote in favour of Resolution 7 and approve the acquisition by the Company of up to 75,000,000 Shares and the issue of up to 84,409,091 Shares to RIM pursuant to the conversion of the 2016 Notes for the purposes outlined above. The Directors' Recommendations are based on the view that an increase in RIM's holding or controlling of voting rights by an amount up to a maximum of 0.98% (or at most 5.76% after the conversion of RIM's 2016 Notes and 2017 Notes) is not material to the control of the Company.

Neither RIM nor its Associates will be entitled to vote on Resolution 7.

## **9. Resolution 8 – Approval of Conversion of 2017 Notes**

RIM currently holds 500 2017 Notes, which were issued on 1 February 2017 and are convertible at RIM's election at any time prior to 10 business days before the maturity date of 1 February 2021 (**Maturity Date**) into a maximum of 13,333,333 Shares. Similar to the consequences of the Share Buyback discussed in Section 8 above, RIM may not currently be able to elect to convert its 2017 Notes without potentially breaching the fundamental rule. If RIM increases its voting rights to or above 20% through otherwise approved allotments as a consequence of the conversion of any of its 2017 Notes or the Share Buyback, then any further increase in RIM's voting rights could also breach the fundamental rule in the Takeovers Code. Resolution 8 seeks Shareholder approval pursuant to rule 7(d) of the Takeovers Code.

If Resolution 8 is approved, RIM would be permitted to convert any and all of its 2017 Notes into Shares despite that, as a result, the voting rights in the Company held or controlled by RIM may increase above 20%. The issue of Shares upon the conversion of the 2017 Notes is regarded as an "allotment" for the purposes of the Takeovers Code.

If Resolution 8 is not approved, then either:

- (a) RIM may dispose of the 2017 Notes to non-Associates, who may then elect to convert them into Shares;
- (b) RIM may dispose of certain of its Shares to non-Associates, so that RIM may then elect to convert its 2017 Notes (which may put downward pressure on the Share price); or
- (c) the Company may be required to redeem the 2017 Notes upon the Maturity Date for their full face value plus accrued and unpaid interest, which amount is estimated to be in aggregate, approximately NZ\$575,000 (although this is not the likely outcome given the 2017 Notes are deeply in-the-money).

The issue of Shares upon the conversion of the 2017 Notes was approved by Shareholders at the Company's annual general meeting in 2016. The further approvals sought at this meeting relate to Takeovers Code Requirements and are unique to RIM. This issue of Shares upon the conversion of the 2017 Notes will not affect the ability of:

- (a) any other holder of 2017 Notes to convert its 2017 Notes at any time in accordance with their terms; nor
- (b) RIM or others to convert any of their 2016 Notes.

### **Takeovers Code Requirements**

As noted above, the conversion of the 2017 Notes may result in an increase in the number of voting rights held or controlled by RIM to above 20%, which would per se constitute a breach of the fundamental rule under the Takeovers Code. Rule 6(1) prohibits a Shareholder (together with their Associates) from becoming the holder or controller of an increased percentage of voting rights in the Company if it would bring that holding or control to above 20% (or if already above 20%, then any further increase in percentage holding or control), unless the Shareholder relies on an exception or an exemption. There are a number of exceptions to (and exemptions from) this rule in the Takeovers Code.

Rule 7(d) of the Takeovers Code provides that a Shareholder may become the holder or controller of 20% or more of the voting rights in the Company where the acquisition has been approved by the Shareholders by Ordinary Resolution. The issue of Shares to RIM, upon conversion of its 2017 Notes will, if Resolution 8 is approved by Shareholders, be permitted under rule 7(d) of the Takeovers Code as an exception to the fundamental rule. This would then enable RIM to retain any increase in its voting rights that it acquires as a result of the conversion. The information required by rule 7(d) of the Takeovers Code to be set out in the Notice of Meeting is set out in **Annexure D**.

If Resolution 8 is passed in accordance with its terms, then RIM could potentially control a maximum of 25.65% of the voting rights in the Company. This assumes that:

- (a) all 75,000,000 Shares are bought back under the Share Buyback without RIM participating in the Share Buyback (as discussed in Section 8 of this Explanatory Statement);
- (b) RIM converts all its 2017 Notes and all of its 2016 Notes (as discussed below) into Shares; and
- (c) all other holders of 2017 Notes and 2016 Notes do not elect to convert any of their respective notes.

### **2016 Notes**

As outlined above, the issue of up to 193,181,818 Shares to RIM upon conversion of the 2016 Notes was approved at the 2016 EGM. The Takeovers Code requires certain disclosures be included in this Notice in connection with that previous approval. The further detail required by rule 19B(4)(c) of the Takeovers Code in relation to this prior approval is set out in **Annexure E**.

### **Independent Adviser's Report**

Simmons Corporate Finance, an independent adviser approved by the Takeovers Panel, has prepared a report on the merits of the conversion of the 2017 Notes and the report accompanies this Notice of Meeting at **Annexure F**.

### **Directors' Recommendation**

The Directors recommend that all Shareholders vote in favour of Resolution 8 and approve the issue of Shares pursuant to the conversion of the 2017 Notes. The Directors' Recommendations are based on the view that an increase by RIM's holding or controlling of voting rights from 19.89% to between 24.51% and 25.65% will only marginally increase RIM's voting rights of the Company, particularly given RIM already has approval to increase its voting rights to 23.91% by conversion of the 2016 Notes.

Neither RIM nor its Associates will be entitled to vote on Resolution 8.

## 10. Resolution 9 – Replacement of the Constitution

Shareholders are being asked to approve the revocation of the existing Constitution and the adoption of a new Constitution for the Company in the form attached to this Notice of Meeting at **Annexure A**. A copy of the existing constitution that is marked up with all of the proposed differences between the existing Constitution and the proposed new Constitution can be seen on the Company's website at [www.bathurst.co.nz](http://www.bathurst.co.nz).

The reasons for the proposal to replace the Constitution are to ensure that the Constitution:

- (a) does not contain any reference to NZX Limited or the Company being listed on the NZX Main Board, as the existing Constitution was prepared and adopted at a time when the Company was dual listed on both that exchange and the Official List of the ASX;
- (b) consistently reflects that whilst the Company remains admitted to the Official List and any of the Shares or any other securities issued by the Company are quoted on any market operated by the ASX, the provisions of the Constitution comply with the requirements of the Listing Rules;
- (c) is consistent with and subject to all relevant New Zealand legislation (including the Companies Act) as notwithstanding that the Company is admitted to the Official List and must comply with the Listing Rules, it remains a company incorporated in New Zealand and therefore must also comply with all applicable New Zealand legislation;
- (d) contains sufficient flexibility to enable the Board to adopt strategies that involve the further issue of Shares and other securities or instruments in order to optimise the Company's capital strategies; and
- (e) adopts provisions that are more consistent with those currently found in publicly listed companies comparable to the Company.

## 11. Resolution 10 – Proposed replacement of Existing LTIP with New LTIP

**Introduction:** On 31 October 2018, the Board established an employee share scheme called the "Bathurst Resources Employee Incentive Plan" (**New LTIP**). In preparing the New LTIP, the Board took external advice and has sought to prepare a plan that is appropriate and in line with current market practice. To ensure that the proposed issue of Performance Rights contemplated under Resolution 11 and Resolution 12, as well as further issues of equity securities under the New LTIP, do not count against the number of equity securities that could otherwise be issued by the Company, without prior Shareholder approval, in accordance with the provisions of Listing Rule 7.1, the Board is seeking Shareholder approval of the New LTIP.

**Background:** Shareholder approval of the New LTIP is being sought for all purposes under the ASX Listing Rules, including ASX listing rule 7.2 (exception 9), so that any equity securities issued in accordance with the New LTIP will be excluded from the calculation of the maximum number of new equity securities that can be issued by the Company in any 12 month period (currently 15% of equity securities previously on issue), for a period of three years from the date of Shareholder approval.

**Material Provisions of the New LTIP:** The New LTIP is an employee equity plan developed to meet what the Board feels are contemporary corporate equity participation design standards and to provide the required flexibility in the design and offer of choices available in respect of various new equity schemes.

- ***Eligibility***

The Board has complete discretion to determine which employees are eligible to participate in the New LTIP. The definition of employee under the rules of the New LTIP includes full time or part time executive directors, senior managers and other employees who are close business associates of the Company or any related body corporate of the Company.

Furthermore, no offer of any equity securities to be issued under the New LTIP will be made to the extent that any such offer would contravene the Constitution, the Listing Rules, the Companies Act, the FMCA or any other applicable law.

- ***Vesting conditions***

The vesting of any equity securities issued under the New LTIP may be conditional on the satisfaction of performance and/or service conditions as determined by the Board and advised to the participant in the individual's offer documents.

- ***Exercise of equity securities***

Vested equity securities issued under the New LTIP may not automatically trigger the exercise of the equity securities, but a participant will be entitled to exercise its equity securities in accordance with the terms contained in the invitation to that participant.

- ***Price***

Equity securities issued under the New LTIP may be issued at no cost to the participants. Options may be subject to payment of an exercise price by the participant which is determined by the Board and advised to the participant in the participant's offer.

- ***Lapse/forfeiture***

Equity securities issued under the New LTIP will lapse or be forfeited on the earliest of:

- any expiry date applicable to the equity securities;
- any date which the Board determines that vesting conditions applicable to the equity securities are not met or cannot be met;
- the participant dealing in respect of the equity securities in contravention of the New LTIP; and
- the Board determining that a participant has committed an act of fraud, is ineligible to hold his or her relevant office under the relevant provisions of the Companies Act, or is found to have acted in a manner that the Board considers to constitute gross misconduct.

- ***Board may elect to settle in cash***

If the Board determines that it is not appropriate for tax, legal, regulatory or compliance reasons to issue or transfer Shares upon satisfaction of its obligations under the New LTIP, the Company may make a cash payment to the participant in accordance with the terms of the plan for equivalent value.

- ***Waiving the restricted period***

The Board may waive or shorten the restriction period applicable to equity securities issued under the New LTIP, as contained in the offer to the participant.

- ***Change of Control***

On the occurrence of a Change of Control (as defined in the rules of the New LTIP) of the Company, the Board will determine, in its sole and absolute discretion, the manner in which vested and unvested equity securities issued under the New LTIP shall be dealt with.

- ***Cessation of employment***

All unvested equity securities issued under the New LTIP will lapse immediately on termination of employment of the relevant participant unless any Leaver's Policy applies or the Board determines otherwise depending on the circumstances.

- ***No dealing or hedging***

Dealing restrictions apply to equity securities issued under the New LTIP in accordance with the rules of the New LTIP and the Company's share trading policy. Participants are prohibited from hedging or otherwise protecting the value of unvested equity securities issued under the New LTIP.

- ***Rights attaching to Shares***

Shares issued under the New LTIP will rank equally for dividends and other entitlements, be subject to any restrictions imposed under these rules and otherwise rank equally with the existing Shares on issue at the time of allotment.

- ***Company may issue or acquire shares***

The Board may, in its discretion, either issue new Shares or acquire Shares already on issue, or a combination of both, to satisfy the Company's obligations under the New LTIP.

- ***Adjustments***

Prior to the allocation of Shares to a participant upon vesting or exercise of equity securities issued under the New LTIP, the Board may make any adjustment it considers appropriate to the terms of equity securities in order to minimise or eliminate any material advantage or disadvantage to a participant resulting from a corporate action such as a capital raising or capital reconstruction.

- ***Reorganisation of Capital***

If, prior to the exercise of an Award where the Participant may be entitled to acquire Shares in the future upon exercise of that Award, the Company undergoes a reorganisation of capital, the terms of that Award will be changed to the extent necessary to comply with the Listing Rules as they apply at the relevant time (as their application in the circumstances is affected by any waiver granted by ASX).

- ***Limits on securities issued***

The number of Shares that may be issued under the New LTIP will be set by the Company with regard to the limits prescribed by any applicable legislation, regulation, policy or other requirement of any duly empowered governmental agency with respect to employee share scheme offers made without a form of prescribed disclosure.

Subject to the foregoing, if the Company makes an Offer of Awards it will ensure that the total number of specified financial products issued or transferred under all of the issuer's employee share purchase schemes, including under this Plan, in any 12-month period does not exceed in the case of an Offer of Awards where Shares are or may be awarded, 5% of the Shares of the issuer as at the start of the 12-month period.

- ***Continued operation of the New LTIP***

The New LTIP may be suspended, terminated or amended at any time by the Board, subject to any resolution of the Company required by the Listing Rules.

**Range of Employee Share Schemes:** The New LTIP enables the Company to offer its employees a range of different employee share scheme interests (each an **ESS**). These ESS interests or 'awards' - as referred to in the provisions set out in **Annexure B** - include options, performance rights, service rights, deferred shares, exempt shares, cash rights and stock appreciation rights.

The type of ESS interest that may be offered by the Board, on behalf of the Company, to employees will be determined by a number of factors, including:

- the remuneration or incentive purpose of the award;
- the tax jurisdiction that the participating employee lives and/or works in;
- the laws governing equity incentives where the participating employee lives and/or works; and
- the logistics and compliance costs associated with offering equity incentives where the participating employee lives and/or works.

The provisions of the New LTIP are set out in **Annexure B** and copy of those provisions is available to any Shareholder upon request from the Company, at no expense to the requesting Shareholder.

**Previous Offers:** Since its establishment, no securities have been issued under the New LTIP.

**Directors' Recommendation:** The Directors unanimously recommend Shareholders vote in favour of Resolution 10. As stated in the Notice of Meeting, any vote cast in favour in respect of Resolution 10 by a Director and any Associate of an Eligible Director will be disregarded.

## **12. Resolution 11 – Proposed issue of 2,954,545 Performance Rights to Richard Tacon under the New LTIP**

Listing Rule 10.14 provides that a listed company must not permit a Director to acquire securities under an employee incentive scheme without prior Shareholder approval, by ordinary resolution. Accordingly, the purpose of Resolution 11 is to seek Shareholders approval of the proposed grant of New LTIP Performance Rights to the Company's Executive Director and Chief Executive Officer, Mr Richard Tacon pursuant to the provisions of the New LTIP. In essence, the New LTIP Performance Rights that are the subject of Resolution 11 are being issued as a incentive for the future performance of Mr Tacon.

Assuming Resolution 11 is approved by the Shareholders at the Meeting and in accordance with its terms, no further Shareholder approval of Resolution 11 is required under Listing Rule 7.1.

### **Grant of Performance Rights to Mr Tacon**

The Remuneration Committee has concluded that the remuneration for Mr Tacon (including the proposed grants of the New LTIP Performance Rights) is reasonable and appropriate having regard to the circumstances of the Company and Mr Tacon's duties and responsibilities.

### **Maximum number of Performance Rights to be issued to Mr Tacon**

If Resolution 11 is approved, the maximum number of New LTIP Performance Rights that may be granted to Mr Tacon is 2,954,545.

### **Value of New LTIP Performance Rights**

The value of the New LTIP Performance Rights the subject of Resolution 11, is A\$0.11 per New LTIP Performance Right. That value was determined by Crichton + Associates Pty Limited, an independent corporate adviser to the Company, and by applying a Black-Scholes Valuation Approximation Model. The total value of the benefit is therefore estimated as A\$325,000.

### **Price of New LTIP Performance Rights**

The will be granted for no cash consideration paid or payable by Mr Tacon. Once the performance requirements stated below have been met, the New LTIP Performance Rights issued to Mr Tacon after approval of Resolution 11, will be exercisable for nil cash consideration.

### **Number of equity incentives issued under the New LTIP and persons entitled to participate in the New LTIP**

The Company has not previously issued or granted securities under the New LTIP and Mr Tacon has not received any offers or grants under any other employee share scheme operated or offered by the Company or by any related body corporate of the Company.

At the date of this Explanatory Statement, and subject to:

- the approval of Resolution 10, Resolution 11 and Resolution 12;
- the Board subsequently making an offer of New LTIP Performance Rights as contemplated in Resolution 11 and Resolution 12; and
- those offers being accepted in accordance with the provisions of the New LTIP,

the only persons referred to in Listing Rule 10.14 who will be entitled to participate in the New LTIP are Messrs Tacon and Middleton, and their respective nominees.

### **No loans provided under New LTIP**

No loans will be provided to Mr Tacon in respect of any securities offered under the New LTIP, without Shareholder approval.

### **Timing of issue of New LTIP Performance Rights**

Subject to Shareholder approval of Resolution 11, it is anticipated that the New LTIP Performance Rights will be granted to Mr Tacon shortly after this Meeting. In any event, and as required under the Listing Rules, all the New LTIP Performance Rights that are the subject of Resolution 11 will be issued within 12 months of the date of approval of Resolution 11.

### **Performance Requirements and Important Dates**

The performance requirements attaching to the New LTIP Performance Rights that are the subject of Resolution 11 are as follows:

- continuous employment of the participant by the Company or a related body corporate of the Company until and including 15 October 2021;
- the Company achieving a Total Shareholder Return (**TSR**) compound annual growth rate (**TSR CAGR**) for the period on and including 1 July 2018 to and including 30 June 2021 (**TSR Determination Period**), of between:
  - 10%, in which case 50% in number of the New LTIP Performance Rights that are the subject of Resolution 11 will vest in Mr Tacon; and
  - 15% in which case 100% in number of the New LTIP Performance Rights that are the subject of Resolution 11 will vest in Mr Tacon.

Where the TSR CAGR for the TSR Determination Period is greater than 10% and less than 15%, Mr Tacon will be entitled to a pro rata number of the New LTIP Performance Rights that are the subject of Resolution 11. For example, if the TSR CAGR for the TSR Determination Period was 13%, Mr Tacon would be entitled 70% in number of those New LTIP Performance Rights;

- the determination of the TSR CAGR for the TSR Determination Period will be a measure of the increase, if any, in the closing price of a Share, as quoted by ASX, and where the initial base price of a Share will be the closing price of a Share as quoted by ASX, on 1 July 2018; and
  -
- the first Vesting Date of the New LTIP Performance Rights that are the subject of Resolution 11 is 15 October 2021. All Performance Rights will lapse on 30 January 2022 if not vested and exercised.

### **Other Conditions**

- Unvested New LTIP Performance Rights may, in certain circumstances, vest early in accordance with the terms of the New LTIP, and any Leaver's Policy that may apply from time to time, as approved by the Board.
- Any dealing in Shares is subject to the constraints of Australian and New Zealand insider trading laws and the Company's Share Trading Policy. Participants are specifically prohibited from hedging their Company share price exposure in respect of any Award during the vesting period.
- If, in the Board's opinion, Mr Tacon has acted fraudulently or dishonestly or is in breach of his material obligations to the Company, the Board may determine that any or all of his New LTIP Performance Rights or other Awards that have not yet vested, lapse.

### **Directors' Recommendation**

As stated in the Notice of Meeting, any vote cast in favour in respect of Resolution 10 by a Director and any Associate of an Eligible Director will be disregarded.



### **13. Resolution 12 – Proposed issue of 1,636,364 Performance Rights to Russell Middleton under the New LTIP**

Listing Rule 10.14 provides that a listed company must not permit a Director to acquire securities under an employee incentive scheme without prior Shareholder approval, by ordinary resolution. Accordingly, the purpose of Resolution 12 is to seek Shareholders approval of the proposed grant of New LTIP Performance Rights to the Company's Chief Financial Officer and Executive Director, Mr Russell Middleton pursuant to the provisions of the New LTIP. In essence, the New LTIP Performance Rights that are the subject of Resolution 12 are being issued as a incentive for the future performance of Mr Middleton.

Assuming Resolution 12 is approved by the Shareholders at the Meeting and in accordance with its terms, no further Shareholder approval of Resolution 12 is required under Listing Rule 7.1.

#### **Grant of Performance Rights to Mr Middleton**

The Remuneration Committee has concluded that the remuneration for Mr Middleton (including the proposed grants of the New LTIP Performance Rights) is reasonable and appropriate having regard to the circumstances of the Company and Mr Middleton's duties and responsibilities.

#### **Maximum number of Performance Rights to be issued to Mr Middleton**

If Resolution 12 is approved, the maximum number of New LTIP Performance Rights that may be granted to Mr Tacon is 1,636,364.

#### **Value of New LTIP Performance Rights**

The value of the New LTIP Performance Rights the subject of Resolution 12, is A\$0.11 per New LTIP Performance Right. That value was determined by Crichton + Associates Pty Limited, an independent corporate adviser to the Company, and by applying a Black-Scholes Valuation Approximation Model. The total value of the benefit is therefore estimated as A\$180,000.

#### **Price of New LTIP Performance Rights**

The New LTIP Performance Rights will be granted for no cash consideration paid or payable by Mr Middleton. Once the performance requirements stated below have been met, the New LTIP Performance Rights issued to Mr Middleton after approval of Resolution 12, will be exercisable for nil cash consideration.

#### **Number of equity incentives issued under the New LTIP, persons entitled to participate in the New LTIP**

The Company has not previously issued or granted securities under the New LTIP and Mr Middleton has not received any offers or grants under any other employee share scheme operated or offered by the Company or by any related body corporate of the Company.

At the date of this Explanatory Statement, and subject to:

- the approval of Resolution 10, Resolution 11 and Resolution 12;
- the Board subsequently making an offer of New LTIP Performance Rights as contemplated in Resolution 11 and Resolution 12; and
- those offers being accepted in accordance with the provisions of the New LTIP,

the only persons referred to in Listing Rule 10.14 who will be entitled to participate in the New LTIP are Messrs Tacon and Middleton, and their respective nominees.

#### **No loans provided under New LTIP**

No loans will be provided to Mr Middleton in respect of any securities offered under the New LTIP, without Shareholder approval.

#### **Timing of issue of New LTIP Performance Rights**

Subject to Shareholder approval of Resolution 12, it is anticipated that the New LTIP Performance Rights will be granted to Mr Middleton shortly after this Meeting. In any event, and as required under the Listing Rules, all the New LTIP Performance Rights that are the subject of Resolution 12 will be issued within 12 months of the date of approval of Resolution 12.

## Performance Requirements and Important Dates

The performance requirements under which the New LTIP Performance Rights that are the subject of Resolution 12 are as follows:

- continuous employment of the participant by the Company or a related body corporate of the Company until and including 15 October 2021;
- the Company achieving a Total Shareholder Return (**TSR**) compound annual growth rate (**TSR CAGR**) for the period on and including 1 July 2018 to and including 30 June 2021 (**TSR Determination Period**), of between:
  - 10%, in which case 50% in number of the New LTIP Performance Rights that are the subject of Resolution 11 will vest in Mr Middleton; and
  - 15% in which case 100% in number of the New LTIP Performance Rights that are the subject of Resolution 11 will vest in Mr Middleton.

Where the TSR CAGR for the TSR Determination Period is greater than 10% and less than 15%, Mr Middleton will be entitled to a pro rata number of the New LTIP Performance Rights that are the subject of Resolution 11. For example, if the TSR CAGR for the TSR Determination Period was 13%, Mr Middleton would be entitled 70% in number of those New LTIP Performance Rights;

- the determination of the TSR CAGR for the TSR Determination Period will be a measure of the increase, if any, in the closing price of a Share, as quoted by ASX, and where the initial base price of a Share will be the closing price of a Share as quoted by ASX, on 1 July 2018; and
- the first Vesting Date of the New LTIP Performance Rights that are the subject of Resolution 11 is 15 October 2021. All Performance Rights will lapse on 30 January 2022 if not vested and exercised.

## Other Conditions

- Unvested New LTIP Performance Rights may, in certain circumstances, vest early in accordance with the terms of the New LTIP, and any Leaver's Policy that may apply from time to time, as approved by the Board.
- Any dealing in Shares is subject to the constraints of Australian and New Zealand insider trading laws and the Company's Share Trading Policy. Participants are specifically prohibited from hedging their Company share price exposure in respect of any Award during the vesting period.
- If, in the Board's opinion, Mr Middleton has acted fraudulently or dishonestly or is in breach of his material obligations to the Company, the Board may determine that any or all of his New LTIP Performance Rights or other Awards that have not yet vested, lapse.

## Directors' Recommendation

As stated in the Notice of Meeting, any vote cast in favour in respect of Resolution 12 by a Director and any Associate of an Eligible Director will be disregarded.

## PART E: GLOSSARY

For the purposes of this Document, including each Annexure, the following terms have the following meanings

<b>2016 EGM</b>	the special meeting of Shareholders held on 23 June 2016
<b>2016 Notes</b>	the convertible notes that were issued on 22 July 2016, to RIM and others, the terms and conditions of which were summarised in Appendix 4 to the Notice of Special Meeting of the Company dated 8 June 2016
<b>2017 Notes</b>	the convertible notes that were issued on 1 February 2017 to RIM and others, the terms and conditions of which were summarised in Appendix 3 to the Notice of Annual General Meeting of the Company dated 16 November 2016
<b>Annual Report</b>	the Company's Annual Report for the 12 month period ended 30 June 2018
<b>ASX</b>	ASX Limited ACN 008 624 691 or the securities exchange market operated by it, as the context requires
<b>Associate</b>	where used in respect of:  (i) Resolutions 3, 4, 5, 6, 10, 11 or 12, has the meaning given to that term in Listing Rule 19; and  (ii) Resolutions 7 or 8, has the meaning given to that term in the Takeovers Code (and in respect of voting exclusions only, also includes the meaning given in Listing Rule 19)
<b>Auditor</b>	KPMG
<b>Award</b>	has the meaning given to that term in the New LTIP
<b>Board</b>	the board of Directors
<b>Chair</b>	the person chairing the Meeting
<b>Class Exemption</b>	Takeovers Code (Class Exemption) Notice (No. 2) 2001 (New Zealand)
<b>Companies Act</b>	Companies Act 1993 (New Zealand)
<b>Company</b>	Bathurst Resources Limited NZCN 4382538
<b>Constitution</b>	the constitution of the Company
<b>control</b>	in relation to a voting right, has the meaning given in rule 3(1) of the Takeovers Code
<b>Director</b>	a director of the Company, from time to time
<b>Document</b>	this document entitled "Notice of Annual General Meeting, Explanatory Statement and Proxy Form" and any annexures or schedules to or of the foregoing
<b>Eligible Director</b>	a Director who is entitled to participate in the New LTIP

<b>Existing LTIP</b>	the long term incentive plan of the Group approved by the Shareholders on 23 November 2015
<b>equity security</b>	has the meaning given to that term in Listing Rule 19
<b>Explanatory Statement</b>	Part D of this Document, forming part of the Notice
<b>FMCA</b>	the Financial Markets Conduct Act 2013 (New Zealand)
<b>Group</b>	the Company and each of its related bodies corporate
<b>Leaver's Policy</b>	has the meaning given to that term in the New LTIP
<b>Listing Rules</b>	the listing rules of the ASX as amended from time to time
<b>Meeting</b>	the Annual General Meeting referred to in the Notice
<b>New LTIP</b>	the proposed long term incentive plan of the Group that is the subject of Resolution 3 and the terms and conditions of which are set out in <b>Annexure B</b>
<b>New LTIP Performance Rights</b>	the performance rights as defined and referred to in the New LTIP
<b>Notice or Notice of Meeting</b>	the notice convening this Meeting, comprising Parts A, B, C, D, E and F of this Document (and including the Annexures and Proxy Form)
<b>NZDT</b>	New Zealand daylight time, being the period when daylight saving time applies in New Zealand
<b>NZX</b>	New Zealand Stock Exchange
<b>Official List</b>	the official list of entities that ASX has admitted and not removed
<b>Ordinary Resolution</b>	a resolution of Shareholders that is approved by Shareholders who are entitled to vote on that resolution and who hold more than 50% (in number) of all voting equity securities
<b>Performance Rights</b>	in respect of <ul style="list-style-type: none"> <li>(i) Resolutions 3 to 6, each or all of the Tacon Performance Rights, the Middleton Performance Rights, the Kapea Performance Rights and the Westerhuis Performance Rights (as defined in Sections 3, 4, 5 and 6 of the Explanatory Statement) as the context requires; and</li> <li>(ii) Resolutions 10 to 12, performance rights issues pursuant to the New LTIP.</li> </ul>
<b>Proxy Form</b>	the proxy form attached to this Document
<b>Resolution</b>	a resolution set out in the Notice
<b>RIM</b>	Republic Investment Management Pte Limited
<b>Share</b>	a fully paid ordinary share in the issued capital of the Company
<b>Share Buyback</b>	the Share buy back more fully described in Section 8 of this Notice of Meeting

<b>Share Registry</b>	Computershare Investor Services Limited of Private Bag 92119, Auckland 1142, New Zealand
<b>Shareholder</b>	a registered holder of Shares
<b>Special Resolution</b>	a resolution of Shareholders that is approved by Shareholders who are entitled to vote on that resolution and who hold no less than 75% (in number) of all voting equity securities
<b>Takeovers Code</b>	means the takeovers code under the Takeovers Act 1993 (New Zealand), at the date of this Notice being set out in the Schedule entitled "Takeovers Code", to the Takeovers Regulations (New Zealand)
<b>voting right</b>	has the meaning given to that term in rule 3(1) of the Takeovers Code



**Lodge your proxy**



**Online**  
www.investorvote.co.nz



**By Mail**  
Computershare Investor Services Limited  
Private Bag 92119, Auckland 1142, New Zealand



**By Fax**  
+64 9 488 8787

**For all enquiries contact**



+64 9 488 8777



corporateactions@computershare.co.nz

**Proxy/Voting Form**

	<b>www.investorvote.co.nz</b>	<b>Smartphone?</b>
	Lodge your proxy online, 24 hours a day, 7 days a week:	Scan the QR code to vote now.
<b>Your secure access information</b>		
<b>Control Number:</b>	<b>CSN/Securityholder Number:</b>	
<b>PLEASE NOTE:</b> You will need your CSN/Securityholder Number and postcode or country of residence (if outside New Zealand) to securely access InvestorVote and then follow the prompts to appoint your proxy and exercise your vote online.		
<b>For your proxy to be effective it must be received by 9.30am (NZDT) Monday 26 November 2018</b>		

**How to Vote on Items of Business**

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

**Appointment of Proxy**

A Shareholder who is entitled to attend and cast a vote at the Meeting may appoint a proxy. A proxy need not be a Shareholder and may be an individual or body corporate. If a body corporate is appointed as a proxy it must appoint a corporate representative to exercise its powers as proxy at the Meeting. A Shareholder who is entitled to cast two or more votes may appoint two proxies to attend the meeting and vote on their behalf and may specify the proportion or a number of votes each proxy is appointed to exercise. If a Shareholder appoints two proxies and the appointment does not specify the proportion or number of the Shareholder's votes each proxy may exercise, each proxy may exercise half of the votes (disregarding fractions). If you wish to appoint a second proxy, you may copy the enclosed proxy form or obtain a form from the Company's share registry. The Chairman of the meeting, or any other director, is willing to act as proxy for any shareholder who wishes to appoint him or her for that purpose. The Chairman of the meeting or any other director appointed as proxy intends to vote discretionary proxies in favour of the relevant resolution. To do this, enter 'the Chairman' or the name of your proxy in the space allocated in 'Step 1' of this form. Alternatively you can appoint a proxy online at www.investorvote.co.nz. The Chairman will vote all undirected proxies in favour of the resolutions.

**Voting 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.

**Attending the Meeting**

Shareholders who plan to attend the meeting are asked to arrive at the venue 15 minutes prior to the time designated for the meeting if possible, so that their holding may be checked against the Company's register of members and attendances recorded. 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.

**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 this Proxy Form has been signed under a power of attorney, a copy of the power of attorney (unless already deposited with the Company) and a signed certificate of non-revocation of the power of attorney must be produced to the Company with this Proxy Form.

**Companies**

This form must be signed by a Director jointly with either another Director or a Company Secretary, or a Sole Director can also sign alone. Please sign in the appropriate place and indicate the office held.

**Corporate Representatives**

A body corporate, which is a Shareholder or which has been appointed as a proxy, may appoint an individual to act as its corporate representative at the Meeting. Any Letter of Corporate Representation must be provided to the Company's share registry no later than 48 hours prior to the date and time for the convening of the Meeting.

**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.

# Proxy/Corporate Representative Form

## STEP 1 Appoint a Proxy to Vote on Your Behalf

I/We being a shareholder/s of Bathurst Resources 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).

as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions at the **Annual General Meeting of Bathurst Resources Limited to be held at the offices of Minter Ellison Rudd Watts Lawyers, Level 18, 125 The Terrace, Wellington, New Zealand on Wednesday 28 November 2018 at 9.30am (NZDT)** and at any adjournment of that meeting.

## STEP 2 Items of Business - Voting Instructions/Ballot Paper (if a Poll is called)

**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.

Ordinary Business		For	Against	Abstain	Proxy Discretion
<b>Resolution 1</b>	Re-election of Russell Middleton as an executive Director retiring by rotation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 2</b>	Re-appointment and remuneration of Auditor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 3</b>	Issue of 1,055,000 Performance Rights to Richard Tacon	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 4</b>	Issue of 1,000,000 Performance Rights to Russell Middleton	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 5</b>	Issue of 250,000 Performance Rights to Toko Kapea	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 6</b>	Issue of 250,000 Performance Rights to Peter Westerhuis	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 7</b>	Approval of share buyback and 2016 Note conversion	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 8</b>	Approval of Conversion of 2017 Notes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 9</b>	Replacement of Constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 10</b>	Adoption of replacement Long Term Incentive Plan (New LTIP)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 11</b>	Issue of 2,954,545 Performance Rights to Richard Tacon under New LTIP	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 12</b>	Issue of 1,636,364 Performance Rights to Russell Middleton under New LTIP	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

<p><b>Securityholder 1</b></p> <input style="width: 270px; height: 25px;" type="text"/> <p>or Sole Director and Sole Company Secretary</p>	<p><b>Securityholder 2</b></p> <input style="width: 270px; height: 25px;" type="text"/> <p>or Director</p>	<p><b>Securityholder 3</b></p> <input style="width: 270px; height: 25px;" type="text"/> <p>or Director/Company Secretary</p>
--	--	--

Contact Name \_\_\_\_\_ Contact Daytime Telephone \_\_\_\_\_ Date \_\_\_\_\_

## ATTENDANCE SLIP



Annual General Meeting of Bathurst Resources Limited to be held at the offices of Minter Ellison Rudd Watts Lawyers, Level 18, 125 The Terrace, Wellington, New Zealand on Wednesday 28 November 2018 at 9.30am (NZDT).

**ANNEXURE A**

**PROPOSED NEW CONSTITUTION OF BATHURST RESOURCES LIMITED**

Constitution

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**BATHURST RESOURCES LIMITED**

**NZCN 4382538**

BAT99841 6678252.1

**lane neave.**



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## Constitution of Bathurst Resources Limited

### Pursuant to the Companies Act 1993

#### 1. Definitions and Interpretation

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1.1 **Definitions:** In this Constitution unless the context otherwise requires:

**Act** means the Companies Act 1993 of New Zealand;

**Alternate Director** means a person appointed by a Director as his or her alternate under clause 28;

**Applicable Escrow Period** refers to the escrow period which applies to each category of Restricted Security as set out in the table in Appendix 9B of the ASX Listing Rules;

**Applicable Law** means:

- (i) the Act, the ASX Listing Rules, the ASX Operating Rules and the ASX Settlement Operating Rules;
- (ii) the laws and regulations of New Zealand; and
- (iii) the laws and regulations of any other jurisdiction that is or are applicable to the operation and implementation of the provisions of this Constitution, the Company or any related company;

**ASX** means ASX Limited ABN 98 008 624 691 and, where the context permits, the Australian Securities Exchange operated by, or any related company or subsidiary of, ASX Limited;

**ASX Listing Rules** means the listing rules of ASX and any other rules of ASX which are applicable while the Company is admitted to the Official List, each as amended or replaced from time to time, except to the extent of any express written waiver or relief granted by ASX;

**ASX Operating Rules** means the operating rules of the ASX (covering access to trading facilities and the conduct of market participants) as amended or replaced from time to time, except to the extent of any express written waiver or relief granted by the ASX;

**ASX Settlement** means ASX Settlement Pty Ltd ABN 49 008 504 532;

**ASX Settlement Operating Rules** means the operating rules of ASX Settlement (or of any relevant organisation which is an alternative to, or successor or replacement of, ASX Settlement or any applicable clearing and settlement facility licensee), as amended or replaced from time to time, except to the extent of any express written waiver by the ASX;

**Board** means Directors who number not less than the minimum number of Directors (and required quorum) as provided for in this Constitution acting together as the board of directors of the Company;

**Company** means Bathurst Resources Limited (NZ Company Number 4382538);

**Constitution** means this constitution, as altered from time to time;

**Director** means a person appointed as a director of the Company in accordance with the provisions of this Constitution;

**Distribution** has the meaning set out in section 2(1) of the Act;

**Dividend** has the meaning set out in section 2(1) of the Act;

**Equity Security** means a Share and any other equity security (as that latter term is defined in the ASX Listing Rules) in the capital of the Company that has been issued, or is to be issued, by the Company, as applicable;

**Escrow Agreement** means, in relation to a Securityholder, an agreement between that Securityholder and the Company under which the Securityholder has agreed to restrict the disposition of or dealing in the Equity Securities that are the subject, and in accordance with the terms, of that agreement;

**Escrowed Securities** means any Equity Securities which are the subject of an Escrow Agreement;

**Fully Paid Up Equity Security** means an Equity Security in respect of which no money is payable to the Company in consideration of the issue of that Equity Security;

**Interest Group** has the meaning set out in section 116 of the Act;

**Interested**, in relation to a Director, has the meaning set out in section 139 of the Act;

**Jointly Held** means in relation to an Equity Security, an Equity Security in respect of which the Security Register records two or more persons as the joint holders of that Equity Security;

**Managing Director** means a person appointed as a managing director of the Company under clause 29.1;

**Meeting** means any meeting of Securityholders or Interest Groups, and for the sake of clarity includes the annual general meeting and any extraordinary or special meeting of any of the foregoing.

**month** means a calendar month;

**Notice of Meeting** means any notice issued in respect of a Meeting;

**Official List** means the official list of entities that ASX has admitted and not removed;

**Ordinary Resolution** means a resolution that is approved by a simple majority of the votes of those Securityholders entitled to vote and voting on that Resolution;

**person** includes an individual, partnership, firm, company, body corporate, corporation, association, organisation, trust, a state or government or any agency thereof, a municipal, local or regional authority, and any other entity or organisation, whether incorporated or not (in each case whether or not having a separate legal personality);

**Personal Representative** means:

- (i) in relation to a deceased individual Securityholder, the executor, administrator or trustee of the estate of that Securityholder;
- (ii) in relation to a bankrupt individual Securityholder, the assignee in bankruptcy of that Securityholder; and
- (iii) in relation to any other individual Securityholder, a person appointed or deemed to have been appointed to administer property under the Protection of Personal and Property Rights Act 1988 of New Zealand, a manager appointed or deemed to have been appointed thereunder, and a donee of an enduring power of attorney complying with that Act;

**Records** means the documents required to be kept by the Company under section 189(1) of the Act;

**registered** means duly recorded in the Security Register in accordance with the provisions of this Constitution;

**Registered Office** means the office or location of a company, including the Company, as specified in the public records of that company, as varied from time to time.

**Representative** means:

- (i) a person duly appointed as a proxy under clause 24;
- (ii) a person duly appointed as a Securityholder's attorney;
- (iii) a Personal Representative; or
- (iv) a representative duly appointed by a corporation under clause 25;

**related company** has the meaning set out in section 2(3) of the Act;

**Resolution** means either an Ordinary Resolution or a Special Resolution;

**Restricted Securities** has the meaning set out in ASX Listing Rule 19;

**Restriction Agreement** means a restriction agreement in a form set out in the ASX Listing Rules or otherwise approved by the ASX and includes any agreement which the Company and any Securityholder agrees is a restriction agreement;

**Right** means, for the purpose of clause 4.3, any right, title or interest in respect of the offer made by the Company in respect of an Equity Security.

**Securityholder** means a person whose name is entered in the Security Register as the holder for the time being of one or more Equity Securities (and for the avoidance of doubt, includes each Shareholder);

**Security Register** means the register of Equity Securities for the Company kept in accordance with the provisions of section 87 of the Act;

**Security Registrar** means an agent appointed by the Company to maintain the Security Register;

**Share** means a share of any class that is issued, or to be issued, by and in the capital of, the Company, as the case may require;

**Shareholder** means a person whose name is entered in the Share Register as the holder for the time being of one or more Shares;

**Special Resolution** means a resolution approved by a majority of 75% or more of the votes of those Securityholders entitled to vote and voting on that Resolution;

**subsidiary** has the meaning set out in section 5 of the Act;

**Unmarketable Parcel** means a parcel of Equity Securities of a single class registered in the same name or the same joint names which is:

- (i) less than the number that constitutes a marketable parcel of Equity Securities of that class under the ASX Operating Rules; or

- (ii) subject to the ASX Listing Rules and the ASX Operating Rules, any other number determined by the Board from time to time; and

**Working Day** has the meaning set out in section 2(1) of the Act.

**1.2 Other Defined Terms:** Subject to the provisions of clause 1.1:

- (i) expressions used in this Constitution and that are defined in the Act (whether generally or for the purposes of one or more particular provisions) have the meanings given to them by the Act;
- (ii) where an expression is defined in the Act more than once and in different contexts, its meaning will be governed by the context in which it appears in this Constitution; and
- (iii) while the Company is admitted to the Official List, any term in this Constitution that is defined in the ASX Listing Rules (whether or not expressed with an initial capital letter) has the meaning given to that term by the ASX Listing Rules.

**1.3 Interpretation:** In this Constitution, unless the context otherwise requires:

- (i) the table of contents, headings and descriptions relating to sections of the Act or any other legislation, are inserted for convenience only and shall be ignored in construing this Constitution;
- (ii) the singular includes the plural and vice versa;
- (iii) one gender includes the other genders;
- (iv) a reference to a thing includes a part of that thing and includes but is not limited to a right;
- (v) the terms "included", "including" and similar expressions when introducing a list of items do not exclude a reference to other items of the same class or genus;
- (vi) where any word or expression is defined in this Constitution, any other grammatical form of that word or expression has a corresponding meaning;
- (vii) reference to any legislation or to any provision of any legislation (including regulations and orders) includes:
  - (a) that legislation or provision as from time to time amended, re-enacted or substituted; and
  - (b) any statutory instruments, regulations, rules and orders issued under that legislation or provision;
- (viii) expressions such as "written" and "in writing" include any means of representing or reproducing words, figures and symbols in a tangible and visible form;
- (ix) references to a clause, part, annexure, exhibit or Schedule (other than sections or sub-sections of the Act) are references to a clause, part, annexure, exhibit or Schedule in this Constitution, unless stated otherwise;
- (x) a reference to an asset includes all property or title of any nature including but not limited to a business, a right, a revenue and a benefit, whether beneficial, legal or otherwise;

- (xi) a reference to a body that ceases to exist or whose power or function is transferred to another body, is a reference to the body which replaces or substantially succeeds to the power or function of the first body;
- (xii) any reference to the ASX Listing Rules, ASX Operating Rules or ASX Settlement Operating Rules is a reference to those rules as from time to time amended or substituted;
- (xiii) if there is any conflict or inconsistency between:
  - (a) a provision in this Constitution and a provision in the Act which is expressly permitted to be altered by this Constitution; or
  - (b) a word or expression defined or explained in the Act and a word or expression defined or explained in this Constitution,
 the provision, word or expression in this Constitution prevails.

#### 1.4 **Currency**

- (i) A reference in this Constitution to “\$”, “NZ\$”, “New Zealand Dollars” or “dollars” is a reference to the lawful tender for the time being and from time to time of New Zealand.
- (ii) The Directors may:
  - (a) differentiate between Securityholders as to the currency in which any amount payable to a Securityholder is paid whether by way of or on account of dividends, repayment of capital, participation in the distribution of surplus property or otherwise;
  - (b) determine to pay a distribution in a currency other than New Zealand dollars and the amount payable will be converted into New Zealand dollars in any manner, at any time and at any exchange rate as the Directors think fit; and
  - (c) in deciding the currency in which a payment is made to a Securityholder, have regard to the registered address of that Securityholder, the register in which the Equity Securities of that Securityholder are registered and any other matters as the Directors consider appropriate.

Payment in a currency of an amount that is converted under this clause 1.5 is as between the Company and the Securityholder adequate and proper payment of the amount otherwise payable.

#### 1.5 **Timing, Working Day and Day**

- (i) Any reference to time is a reference to New Zealand Standard time unless expressly provided otherwise.
- (ii) If this Constitution requires that the day on which a thing must be done is a day which is not a Working Day, then that thing must be done on or by the immediately preceding Working Day.
- (iii) If an event occurs on a day which is not a Working Day, or occurs later than 5.00 p.m. local time at the place that the event occurs, then the event is deemed to have occurred on the next Working Day in the place that the event occurs.

- (iv) A reference to a day is a reference to a time period which begins at midnight and ends 24 consecutive hours later.
- (v) A reference to a period of time unless specifically written otherwise, excludes the first day of that period.

## 1.6 Exercising Power

- (i) The Company may, in any way the Act permits:
  - (a) exercise any power;
  - (b) take any action; or
  - (c) engage in any conduct or procedure,
 which, under the Act, a company limited by shares may exercise, take or engage in.
- (ii) Where this Constitution provides that a person “may” do a particular act or thing, the act or thing may be done at the person’s discretion.
- (iii) Where this Constitution confers a power to do a particular act or thing, the power is, unless the contrary intention appears, to be taken as including a power exercisable in the same way and subject to the same conditions (if any) to repeal, rescind, revoke, amend or vary that act or thing.
- (iv) Where this Constitution confers a power to do a particular act or thing, the power may be exercised from time to time and may be exercised subject to conditions.
- (v) Where this Constitution confers a power to do a particular act or thing concerning particular matters, the power is, unless the contrary intention appears, to be taken also to include a power to do that act or thing as to only some of those matters or as to a particular class of those matters and to make different provision concerning different matters or different classes of matters.
- (vi) Where this Constitution confers a power on a person to make appointments to an office or position (except the power to appoint a Director under clause 27.3), that power is, unless the contrary intention appears, to be taken to include a power to:
  - (a) appoint a person to act in the office or position until a person is appointed to the office or position;
  - (b) remove or suspend any person appointed (without prejudice to any rights or obligations under any contract between the person and the company); and
  - (c) appoint another person temporarily in the place of any person removed or suspended or in the place of any sick or absent holder of the office or position.
- (vii) Where this Constitution gives power to a person to delegate a function or power:
  - (a) the delegation may be concurrent with the performance or exercise of that function or power by that person;
  - (b) the delegation may be either general or limited in any way provided in the terms of delegation;



- (c) the delegation need not be to a specified person but may be to any person holding, occupying or performing the duties of a specified office or position;
- (d) the delegation may include the power to delegate; and
- (e) where performing or exercising that function or power depends on that person's opinion, belief or state of mind about a matter, that function or power may be performed or exercised by the delegate on the delegate's opinion, belief or state of mind about that matter.

## 1.7 Enforcement

- (i) Each Securityholder submits to the non-exclusive jurisdiction of the courts of New Zealand and any court competent to determine appeals from any of those courts with respect to any proceedings that may be brought at any time relating to this Constitution.
- (ii) If at any time any provision of this Constitution is or becomes illegal, invalid or unenforceable in any respect pursuant to the law of any jurisdiction, then that does not affect or impair:
  - (a) the legality, validity or enforceability in that jurisdiction of any other provision of this Constitution; or
  - (b) the legality, validity or enforceability pursuant to the law of any other jurisdiction of that or any other provision of this Constitution.

## 2. Listing Rules and the Act

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- 2.1 **Companies Act 1993:** The Company, the Board, each Director and each Securityholder have the rights, powers, duties and obligations set out in the Act except to the extent that they are negated, amended or modified by this Constitution.
- 2.2 **Application of ASX Listing Rules and related provisions:** In this Constitution, a reference to the ASX Listing Rules, the ASX Operating Rules, the ASX Settlement Operating Rules, the ASX or related matters, has effect if, and only if, at the relevant time the Company is admitted to the Official List. To the extent that any provision of this Constitution is expressed as being subject to the ASX Listing Rules, the ASX Operating Rules, the ASX Settlement Operating Rules, the ASX or related matters, or requires compliance with the ASX Listing Rules, the ASX Operating Rules, the ASX Settlement Operating Rules, the ASX or related matters, such provision will only be subject to, or require compliance with, the ASX Listing Rules, the ASX Operating Rules, the ASX Settlement Operating Rules, the ASX or related matters whilst and for so long as the Company is admitted to the Official List.
- 2.3 **Priority of ASX Listing Rules:** For so long as the Company is admitted to the Official List:
  - (i) notwithstanding anything contained in this Constitution, if the ASX Listing Rules prohibit an act being done, the act must not be done;
  - (ii) nothing contained in this Constitution prevents an act being done that the ASX Listing Rules require to be done;
  - (iii) if the ASX Listing Rules require or authorise an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be);
  - (iv) if the ASX Listing Rules require this Constitution to contain a provision and it does not contain such a provision, this Constitution is deemed to contain that provision;

- (v) if the ASX Listing Rules require this Constitution not to contain a provision and it contains such a provision, this Constitution is deemed not to contain that provision; and
- (vi) if any provision of this Constitution is or becomes inconsistent with the ASX Listing Rules, this Constitution is deemed not to contain that provision to the extent of the inconsistency.

2.4 **Waivers or Rulings:** If ASX has granted a waiver or ruling in relation to the Company authorising any act or omission which in the absence of that waiver or ruling would be in contravention of the ASX Listing Rules or this Constitution, that act or omission will, unless and only to the extent that a contrary intention appears in this Constitution, be deemed to be authorised by the ASX Listing Rules or this Constitution.

### 3. Share Capital

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3.1 **Share issued on incorporation:** One Share was issued on incorporation of the Company at a price of \$1.00. That Share was redeemed by the Company on 29 June 2013 for \$1.00.

3.2 **Rights and powers attaching to Shares:** Subject to any special rights or restrictions for the time being attached to any Share, and to the rights and restrictions set out elsewhere in this Constitution, each Share confers on the registered holder of that Share:

- (i) the right on a poll duly called or required at or for the purposes of a Meeting, to one vote on each Resolution (subject to the provisions of clause 21.5 in the case of Shares that are not fully paid);
- (ii) the right to an equal share in dividends or other distributions authorised by the Board; and
- (iii) the right to an equal share in the distribution of the surplus assets of the Company.

3.3 **Classes of Equity Securities:** Different classes of Equity Securities may be issued by the Company. Without limiting the classes of Equity Securities that may be issued, any Equity Security may be issued upon any one or more of the following terms and conditions, namely that it:

- (i) ranks equally with, or in priority to, any existing Equity Security;
- (ii) confers preferential rights to distributions of capital or income;
- (iii) confers special, limited or conditional voting rights;
- (iv) is convertible from one class of Equity Security to another;
- (v) does not confer voting rights; or
- (vi) is redeemable.

#### 3.4 Alteration of Capital

- (i) The Company may reduce, alter or buy-back its share or other equity capital in any manner provided by the Applicable Law and otherwise in accordance with any applicable provisions of this Constitution.
- (ii) Subject to any applicable provisions of this Constitution, the Board may:

- (a) consolidate and divide all Equity Securities or any class of Equity Securities, in proportion to those Equity Securities or other Equity Securities of that class, as determined by the Board; or
  - (b) subdivide all Equity Securities or any class of Equity Securities in proportion to those Equity Securities or other Equity Securities of that class, as determined by the Board.
- (iii) In addition, the Board may do anything which is required to give effect to any Resolution authorising a reduction, alteration, consolidation, sub-division or buy-back of the share or other equity capital of the Company, including where a Securityholder becomes entitled to a fraction of an Equity Security on a consolidation, division or sub-division:
- (a) making cash payments;
  - (b) ignoring fractions;
  - (c) appointing a trustee to deal with any fractions on behalf of Securityholders; and
  - (d) rounding up each fractional entitlement to the nearest whole Equity Security by capitalising any amount available for capitalisation even though only some Securityholders participate in the capitalisation.
- (iv) Subject to the Applicable Law, if the terms of issue of Equity Securities in a particular class provide for the Company to vary or cancel rights attached to Equity Securities by a procedure specified in the terms of issue, then a variation or cancellation will be effective if that procedure is followed. If those terms of issue provide for the variation or cancellation of rights by the Company, then unless provided otherwise, the procedure for variation or cancellation by the Company is a resolution of the Board.

### 3.5 Certificates and Statements

- (i) Subject to the Applicable Law, the Company need not issue certificates for Equity Securities if the Board so resolves.
- (ii) Subject to the Applicable Law, the Company may issue certificates for Equity Securities, cancel any certificates for Equity Securities and replace lost or destroyed or defaced certificates for Equity Securities, on the basis and in the form which the Board resolves.
- (iii) If the Company determines to issue certificates for Equity Securities, only the Securityholder whose name appears first in the Security Register in respect of a Jointly Held Equity Security is entitled to a certificate in respect of that Equity Security and delivery of that certificate to that person is taken to be delivery to all Jointly Held Securityholders of that Equity Security.

The Company must issue to a Securityholder any statement of the holdings of Equity Securities registered in the name of that Securityholder or those Jointly Held Securityholders, as required by the Applicable Law.

## 4. Issue of New Equity Securities

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- 4.1 **Powers of Board to issue:** Subject to the Applicable Law and any rights and restrictions attached to a class of Equity Securities, the Company may, by resolution of the Board, issue Share or other Equity Securities, including Equity Securities with rights of conversion to Shares, to any person, at any time and for any consideration, as the Board resolves.

- 4.2 **No statutory pre-emptive rights:** The provisions of section 45(1) and section 45(2) of the Act shall not apply to any issue or proposed issue of Equity Securities by the Company.
- 4.3 **Transfer of Rights:** Every person to whom unissued Equity Securities are offered pursuant to an offer complying with the Applicable Law may decline or accept that offer, or if permitted under the terms of that offer, transfer all or any of their Rights attaching to that offer to any person or persons to whom the Equity Securities, when issued, could be transferred provided that:
- (i) the Directors have and will retain the right to decline to register or otherwise accept any such transfer of Rights; and
  - (ii) the provisions of this Constitution that apply to the transfer of Equity Securities, with all necessary modifications, will apply to any transfer of Rights to unissued Equity Securities.
- 4.4 **Bonus issues:** Subject to the Applicable Law, the Board may resolve to apply any amount which is available for Distribution:
- (i) in paying up Equity Securities to:
    - (a) Securityholders who would be entitled to that amount if it was distributed by way of dividend, and in the same proportions; or
    - (b) if applicable, any other Securityholder who is entitled by the terms of issue of such Equity Securities to participate in any bonus issue by the Company, whether at the time the bonus issue is made to the Securityholder, or at some other time, in accordance with their respective entitlements; or
  - (ii) a combination of the payments permitted in clause 4.4(i).

## 5. Alteration of Rights of Securityholders

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- 5.1 **Procedure in respect of Equity Securities:** The Company shall, before taking action affecting the rights attached to any Equity Securities, comply with the provisions of section 116 and section 117 of the Act.
- 5.2 **Issue of equal or prior ranking Equity Securities:** For the purposes of clause 5.1, the issue of any new Equity Securities, or any conversion of existing Equity Securities into Shares or other Equity Securities ranking equally with, or in priority to, existing Equity Securities, whether as to voting rights, Dividends, Distributions or otherwise, is deemed not to be an action affecting the rights attaching to those existing Equity Securities.
- 5.3 **Cancellation or variation of rights:** Subject to the terms and conditions of the issue of Equity Securities in a particular class, the Company may vary or cancel any of the rights, terms or conditions attaching to Equity Securities of that class, with the approval by Special Resolution of each applicable Interest Group.
- 5.4 Clause 19.13 applies to a Meeting held or proposed to be held for the purpose of seeking an approval required pursuant to clause 5.3.

## 6. Acquisition and Redemption of Equity Securities

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- 6.1 **Powers to acquire, hold and redeem Equity Securities:** The Company may:
- (i) purchase or otherwise acquire Equity Securities from one or more of the Securityholders;

- (ii) hold any Equity Securities so purchased or acquired; and
- (iii) redeem any redeemable Equity Securities held by one or more of the Securityholders,

in accordance with the provisions, and subject to the restrictions, of the Applicable Law and this Constitution.

## 7. Equitable Interests in Equity Securities

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- 7.1 **No notice of trusts:** No notice of a trust, whether express, implied, or constructive, may be entered on the Security Register.
- 7.2 **No recognition of equitable interests:** Except as required by Applicable Law or by this Constitution, no person shall be recognised by the Company as holding any Equity Security upon trust and the Company shall not be bound by, nor be compelled to recognise (even after notice), any equitable, contingent, future or partial interest in any Equity Security, or any interest in any fraction or part of an Equity Security or (except as provided by this Constitution or by law) any other rights in respect of any Equity Security, except an absolute right of the registered holder to the entire Equity Security.

## 8. Calls on Equity Securities

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- 8.1 **Board may make calls:** The Board may, from time to time, make such calls as it thinks fit upon the Securityholders in respect of any amount unpaid on any Equity Security held by them which is not made payable at fixed times by the terms of issue of those Equity Securities. A call may be made payable by instalments. Subject to the provisions of clause 5.3, the Board may revoke, postpone or otherwise vary the terms and conditions attaching to any call.
- 8.2 **Time of call:** A call is deemed to be made at the time when the resolution of the Board making the call is passed.
- 8.3 **Fixed instalments deemed calls:** An amount which, by the terms of issue of an Equity Security, is payable on allotment or at a fixed date is deemed for the purposes of this Constitution to be a call duly made and payable on the date on which the amount is payable.
- 8.4 **Notice of call:** At least 10 Working Days' notice of any call shall be given to the Securityholder of an Equity Security, in respect of which the call is made, specifying the time and place of payment.
- 8.5 **Differential calls:** The Board may, on the issue of Equity Securities, differentiate between the Securityholders as to the amounts to be paid in respect of the Equity Securities and the times of payment of such amounts.
- 8.6 **Manner of payment:** A Securityholder by whom a call is payable shall pay the amount of the call to the Company at the time and place specified by the Board.
- 8.7 **Joint Securityholders:** Jointly Held Securityholders are jointly and severally liable to pay all calls in respect of r Equity Securities, as applicable, that are registered in their names.
- 8.8 **Default interest:** If a call in respect of an Equity Security is not paid on or before the due date, the Securityholder by whom the call is payable shall pay interest on the call from the due date to the date of actual payment at such rate as the Board determines, unless the Board waives payment of interest wholly or in part.
- 8.9 **Proceedings for recovery of call:** In any proceedings for recovery of the amount outstanding in respect of a call:

- (i) it is sufficient to prove that:
  - (a) the name of the relevant Securityholder is entered in the Security Register as the holder, or one of the Jointly Held Securityholders, of the Equity Securities to which the call relates; and
  - (b) except in relation to any amount which, by the terms and conditions of issue of an Equity Security is payable on allotment or at a fixed date, the resolution of the Board making the call is entered in the Records and notice of the call has been duly given,

and proof of the matters mentioned in this clause is conclusive evidence of the debt outstanding in respect of a call; and
- (ii) it is not necessary to prove the appointment or qualification of any member of the Board which made the call nor any other matter.

8.10 **Payment in advance of calls:** The Company may by resolution of the Board:

- (i) accept from a Securityholder the whole or part of the amount unpaid on an other Equity Security even if no part of that amount has been called by the Company;
- (ii) authorise payment by the Company of interest on the whole or any part of the amount so accepted, from the date of acceptance to the date on which the amount becomes payable, at any rate agreed between the Board and the Securityholder, as the case may be, paying the amount; and
- (iii) unless otherwise agreed between the Company and the Securityholder, repay the whole or any part of the amount so accepted at any time.

## 9. Forfeiture of Equity Securities

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- 9.1 **Notice requiring payment of call:** If a Securityholder fails to pay any call or instalment of a call on the due date, the Company may at any time thereafter by written notice to that Securityholder require payment of the amount unpaid together with any accrued interest and all expenses incurred by the Company by reason of such non-payment.
- 9.2 **Contents of notice:** The notice shall specify a further date (not earlier than 10 Working Days after the date of service of the notice) on or before which the payment is to be made, and shall state that, if payment is not made by the specified date, the Equity Security in respect of which the call or instalment of a call is due, is liable to be forfeited.
- 9.3 **Forfeiture for non-payment:** If payment is not made by the date specified in the notice then, at any time thereafter before the payment required by the notice has been made, any Equity Security in respect of which the notice has been given may be forfeited by a resolution of the Board to that effect. The forfeiture shall include all Dividends and Distributions declared in respect of the forfeited Equity Security and not paid before the forfeiture.
- 9.4 **Notice of forfeiture:** When an Equity Security has been forfeited, the Company shall give notice of the resolution referred to in clause 9.3 to the Securityholder in whose name the Equity Security stood immediately prior to the forfeiture, and shall enter in the Security Register, details of that forfeiture.
- 9.5 **Cancellation of forfeiture:** A forfeiture may be cancelled at any time before the sale of the forfeited Equity Security, on such terms as the Board thinks fit.
- 9.6 **Effect of forfeiture:** The Securityholder of an Equity Security that has been forfeited ceases to be a Securityholder of the forfeited Equity Security, but remains liable to the Company for all money payable in respect of the forfeited Equity Security.

## 10. Lien on Equity Securities

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- 10.1 **Lien on Equity Securities:** Subject to the provisions of clause 10.2, the Company has a first and paramount lien upon each Equity Security, the proceeds of sale of the Equity Security, and all Dividends and Distributions made in respect of the Equity Security, for:
- (i) any amount due and unpaid in respect of that Equity Security which has been called or is payable on a fixed date;
  - (ii) all amounts that the Company is required by law to pay in respect of that Equity Security, whether or not the due date for payment has occurred; and
  - (iii) all interest and expenses due and payable to the Company in respect of the unpaid amounts in respect of that Equity Security, to the extent permitted by the ASX Listing Rules.
- 10.2 **Application of lien:** Clause 10.1 shall not apply to an Equity Security if, were clause 10.1 applicable to it, that Equity Security would not have been validly issued. Unless otherwise agreed between the Company and the relevant Securityholder, the registration of a transfer of an Equity Security shall operate as a waiver of any lien which the Company may have on that Equity Security, except as provided in clause 13.1.
- 10.3 **Lien on loans under Employee Incentive Schemes:** Unless expressly stated otherwise in any applicable employee incentive scheme, the Company also has a first and paramount lien on each Equity Security registered in the name of the Securityholder, for all money payable to the Company by the Securityholder under any loan to or for the benefit of that Securityholder made under an employee incentive scheme.
- 10.4 **Lien on Distributions:** A lien on an Equity Security created or existing pursuant to the provisions of clause 10.1 or clause 10.3 extends to all Dividends and Distributions in respect of that Equity Security.
- 10.5 **Exemptions:** The Board may, at its sole discretion, at any time exempt an Equity Security or the Securityholder of that Equity Security, wholly or in part from any or all of the provisions of this clause 10.
- 10.6 **Company's right to recover payments from Securityholder:** A Securityholder must reimburse the Company on demand in writing for all payments that the Company makes to a government or taxation authority in respect of that Securityholder, the death or insolvency of that Securityholder, the Shares registered in the name of that Securityholder, or any Dividends or Distributions on any of those Shares, where the Company is either:
- (i) required by law to make the relevant payment; or
  - (ii) advised by a lawyer qualified to practice in the jurisdiction of the relevant government or taxing authority that the Company is required by law to make the relevant payment.

The Company is not obliged to advise the Securityholder in advance of its intention to make the payment.

- 10.7 **Reimbursement is a Debt Due and Payable:** The obligation of a Securityholder to reimburse the Company is a debt due to the Company as if it was a call on all the Equity Securities registered in the name of that Securityholder, duly made at the time when the written demand for reimbursement is given by the Company to that Securityholder. The provisions of this Constitution relating to non-payment of calls, including forfeiture, payment of interest and the sale of the Equity Securities registered in the name of a Securityholder, under lien, apply to the debt.

## 11. Sale of Equity Securities Subject to Forfeiture or Lien

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- 11.1 **Company may sell Equity Securities:** Without limitation to the provisions of clause 9, the Company may sell any forfeited Equity Security or any other Equity Security on which the Company has a lien, in such manner as the Board thinks fit, but the Company shall not sell any Equity Security:
- (i) unless the amount in respect of which a lien exists is due and payable; and
  - (ii) until the expiry of 10 Working Days after written notice demanding payment of the amount has been given to the person entitled to receive notice of Meetings of Securityholders in respect of the Equity Security.
- 11.2 **Transfer on Sale Under Lien:** For the purpose of giving effect to a sale under clause 11.1, the Company may receive the consideration, if any, given for the Equity Security so sold and may execute a transfer of the Equity Security sold in favour of the purchaser of the Equity Security, and do all such other things as may be necessary or appropriate to effect the transfer.
- 11.3 **Proceeds of sale:** The net proceeds (after deduction of any expenses) of the sale of a forfeited Equity Security or of any other Equity Security sold for the purpose of enforcing a lien shall be applied in or towards satisfaction of any unpaid calls, interest or other amount in respect of which any lien exists (as the case may require). The residue, if any, shall be paid to the registered holder of that Equity Security at the time of its forfeiture or, in the case of an Equity Security sold for the purpose of enforcing a lien, the holder of that Equity Security immediately prior to the sale or, if applicable in either case, to the Personal Representative of that holder.
- 11.4 **Evidence:** A certificate by a Director that any power of sale has arisen and is exercisable by the Company under this Constitution, or that an Equity Security has been forfeited on the date stated in the certificate, shall be conclusive evidence of those facts.
- 11.5 **Sale procedure:** For giving effect to any sale after forfeiture of any Equity Security or for enforcing a lien over any Equity Security, the Board may authorise any person to transfer any Equity Security to the purchaser. The purchaser shall be registered as the holder of the Equity Security and shall not be bound to see to the application of the purchase money, and the title of the purchaser shall not be affected by any irregularity or invalidity in relation to the sale. The remedy of any person having a cause of action in relation to the sale is in damages only and solely against the Company.

## 12. Transfer of Equity Securities

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- 12.1 **Right to transfer:** Subject to any restrictions contained in this Constitution or attaching to any Equity Security and subject to the Applicable Law, a Securityholder or Personal Representative of that Securityholder may transfer any Equity Security:
- (i) under a system of transfer approved under section 376 of the Financial Markets Conduct Act 2013, which is applicable to the Company;
  - (ii) as provided by the ASX Settlement Operating Rules;
  - (iii) under any other security transfer system which operates in relation to the trading of securities on any stock exchange outside New Zealand on which Equity Securities are listed and which is applicable to the Company;
  - (iv) by an instrument of transfer which complies with this Constitution and that is permitted by the Applicable Law and is approved by the Board.



- 12.2 **Method of transfer:** An Equity Security which is disposed of in a transaction which complies with the requirements of a system of transfer authorised under the provisions of clause 12.1(i) or clause 12.1(ii) may be transferred in accordance with the requirements of that system. Where an instrument of transfer executed by a transferor outside New Zealand would have complied with the provisions of the Financial Markets Conduct Act 2013 if it had been executed in New Zealand, it may nevertheless be registered by the Company if it is executed in a manner acceptable to the Company and the Security Registrar.
- 12.3 **Other forms of transfer:** An instrument of transfer of an Equity Security to which the provisions of clause 12.2 are not applicable shall:
- (i) be in any common form or any other form approved by the Company and the Security Registrar;
  - (ii) be signed or executed by or on behalf of the transferor; and
  - (iii) if registration as holder of the Equity Security imposes a liability on the transferee, be signed or executed by or on behalf of the transferee.
- 12.4 **Electronic Transfer Systems:** The Company:
- (i) may do any act, matter or thing permitted pursuant to the Applicable Law to facilitate involvement by the Company in any clearing and settlement facility provided pursuant to the Applicable Law for the transfer of financial products; and
  - (ii) must comply with the obligations imposed on it by the ASX Settlement Operating Rules in relation to a transfer of an Equity Security.
- 12.5 **Delivery to Company:** An instrument transferring Equity Securities must be delivered to the Company or the Security Registrar, together with such evidence (if any) as the Company or the Security Registrar reasonably requires to prove the title of the transferee to, and/or right of the transferor to transfer, the applicable Equity Securities.
- 12.6 **Board may refuse to register:** Subject to the Act (which imposes certain procedural requirements on a board), the Board may refuse to register, or delay the registration of, a transfer of any Equity Security:
- (i) if the Company has a lien on the Equity Security;
  - (ii) if the transferor fails to produce such evidence as the Company, the Security Registrar reasonably requires to prove the title of the transferee to, or right of the transferor to transfer, the Equity Security;
  - (iii) if the transfer has not been duly stamped in accordance with any Applicable Law;
  - (iv) if the transfer is not accompanied by payment of any applicable fee which the Company is entitled to charge pursuant to clause 12.10;
  - (v) unless the transfer is delivered to the Company for registration, at the place where the Security Register is kept, together with the certificate (if any) of the Equity Security to be transferred and any other evidence as the Board may reasonably require to prove the title of the transferee to that Equity Security, the right of the transferor to transfer that Equity Security, and the proper execution of the instrument of transfer;
  - (vi) if registration of the transfer (together with registration of any further transfer or transfers then held by the Company and awaiting registration) would result in the creation of an Unmarketable Parcel standing in the name of the transferee; or

- (vii) if the transfer would constitute a disposal of Restricted Securities during the Applicable Escrow Period and that disposal is not permitted under the ASX Listing Rules or by ASX,

or in any other circumstances permitted by the Act or the ASX Listing Rules.

- 12.7 **Obligation to Refuse Registration of Transfer:** The Company must refuse to register a transfer of Equity Securities where:
- (i) the Applicable Law requires the Company to do so;
  - (ii) a law about stamp duty requires the Company to do so;
  - (iii) this Constitution otherwise requires;
  - (iv) a disposal (including registering a transfer) of Restricted Securities occurs or is proposed to occur during an Applicable Escrow Period for those securities, except as permitted by the Restriction Agreement, the ASX Listing Rules or the ASX; or
  - (v) a disposal (including registering a transfer) of Escrowed Securities occurs or is proposed to occur during the escrow period for those securities, except as permitted by the Escrow Agreement.
- 12.8 **Written Notice of Holding Lock:** If the Board so resolves, the Company may apply, or may request ASX Settlement to apply, a holding lock (including to prevent a transfer, or to refuse to register a paper-based transfer document) where the Applicable Law permits the Company to do so.
- 12.9 **Failure to notify refusal to register:** Any failure by the Company to give notice of refusal to register any transfer, or any failure by the Company to give notice of any application for or grant of a holding lock, as may be required pursuant to the Applicable Law, does not invalidate a refusal to register the transfer or the application of a holding lock.
- 12.10 **Company to Register Transfer without Charge:** The Company must not charge a fee for registering or otherwise dealing with any registrable transfer (including transfer forms, split certificates, renunciations and transfers, issue certificates and transmission receipts and mark or note transfer forms) in relation to an Equity Security in accordance with this Constitution except as permitted by the Applicable Law.
- 12.11 **When transfer effective:** A transferor of an Equity Security is deemed to remain the holder of the Equity Security until the name of the transferee is entered in the Security Register in respect of the other Equity Security.
- 12.12 **Company to retain instrument of transfer:** If the Company registers an instrument of transfer it shall retain that instrument.
- 12.13 **Return of Instrument of Transfer:** If the Board refuses registration of a transfer and, within 12 months of the giving of notice of the refusal to register, the person who deposited the instrument demands for it to be returned, the instrument of transfer must be returned to that person unless there has been an allegation of fraud concerning the transfer or the transaction to which it relates.
- 12.14 **Suspension of Registration:** The Board may suspend registration of transfers of Equity Securities at the times and for the periods it so determines. The periods of suspension must not exceed 20 Working Days in any one calendar year. Closure of the Security Register must be effected in accordance with the Applicable Law.
- 12.15 **Multiple registers:** The Security Register may, by resolution of the Board, be divided into two or more registers, which may be kept in different places, and may be kept by one or more security registrars.

- 12.16 **Compulsory disposal of Unmarketable Parcel:** The Board may sell any Equity Security that constitutes part of an Unmarketable Parcel if it does so in accordance with the provisions of this clause 12.16 to clause 12.19 (inclusive). The Board's power to sell any Equity Security constituting an Unmarketable Parcel under this clause 12.16 lapses if a takeover (as defined in the ASX Listing Rules) is announced after the Board gives a notice under clause 12.17 and before the Board enters into an agreement to sell the Equity Security.
- 12.17 **Notice of compulsory disposal:** Once in any 12 consecutive month period, the Board may give written notice to a Securityholder who holds an Unmarketable Parcel:
- (i) stating that the Company intends to sell all but not some of the Equity Securities constituting that Unmarketable Parcel; and
  - (ii) specifying a date at least six weeks (or any lesser period permitted under the ASX Listing Rules) after the notice is sent during which period the Securityholder may give the Company written notice that the Securityholder wishes to retain the holding of those Equity Securities.
- 12.18 If the Board's power to sell lapses under the provisions of clause 12.16, any notice given by the Board under this clause is taken never to have been given and the Board may give a new notice after the close of the offers made under the takeover.
- 12.19 The Company must not sell any Equity Securities constituting an Unmarketable Parcel if, in response to a notice given by the Company under the provisions of clause 12.16, the Company receives a written notice that the Securityholder wants to retain its holding of those Equity Securities.
- 12.20 A sale of Equity Securities under this clause includes all Dividends and Distributions payable on and other rights attaching to them. The Company must pay the costs of the sale. Otherwise, the Board may decide the manner, time and terms of sale.
- 12.21 For the purpose of giving effect to this clause, each Director has the power to effect or execute a transfer of an Equity Security as agent for the Securityholder who holds that Equity Security.
- 12.22 The Company must:
- (i) deduct any called amount in respect of an Equity Security sold under this clause from the proceeds of sale and pay the balance into a separate bank account it opens and maintains for the purpose only;
  - (ii) hold that balance in trust for the previous holder of that Equity Security (**Divested Holder**);
  - (iii) as soon as practical give written notice to the Divested Holder stating:
    - (a) what that balance is; and
    - (b) that it is holding that balance for the Divested Holder while awaiting the Divested Holder's instructions and return of the certificate (if any) for each Equity Security sold or satisfactory evidence of its loss or destruction;
  - (iv) if the Equity Securities sold under the provisions of this clause were certificated, not pay the proceeds of sale out of the trust account until it has received the certificate for them or satisfactory evidence of its loss or destruction; and
  - (v) subject to the other provisions of this clause 12.22, deal with the amount in the account as the Divested Holder instructs.

- 12.23 **Irregularity of title:** The title of the transferee of an Equity Security sold under this clause is not affected by any irregularity in the sale. The sole remedy of any person previously interested in the Equity Security is damages which may be recovered only from the Company.
- 12.24 **Securities other than Shares:** For the sake of clarity, the provisions of this section 12 and section 13 shall apply, with any necessary modifications, to each class of Equity Security, except to the extent (if any) provided otherwise by the terms and conditions of issue of such securities, by the ASX Listing Rules, or by law.

### 13. Transmission of Equity Securities

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- 13.1 **Transmission on death of Securityholder:** If, in respect of any Equity Security, the Securityholder of that Equity Security dies, then:
- (i) if the deceased was registered as a Jointly Held Securityholder of that Equity Security, each other Jointly Held Securityholder of that Equity Security that survives that deceased Securityholder; and
  - (ii) in any other case, the Personal Representative of that deceased Securityholder,
- shall be the only person or persons recognised by the Company as having any title to or interest in that Equity Security but nothing in this clause shall release any surviving Jointly Held Securityholder or the estate of a deceased Securityholder from any liability in respect of that Equity Security or constitute a release of any lien which the Company may have in respect of that Equity Security.
- 13.2 **Rights of Personal Representatives:** A Personal Representative of a Securityholder is entitled to:
- (i) exercise all rights (including without limitation the rights to receive Dividends and Distributions, to attend Meetings of Securityholders in respect of the relevant Equity Security, and to vote in person or by Representative at any such Meeting or otherwise), and is subject to all limitations attached to the Equity Securities held by that Securityholder; and
  - (ii) be registered as the holder of those Equity Securities, but such registration shall not operate as a release of any rights (including any lien) to which the Company was entitled prior to registration of the Personal Representative pursuant to this sub-clause.
- 13.3 **Joint Personal Representatives:** Where an Equity Security is subject to the control of two or more persons as Personal Representatives, for the purposes of this Constitution, that Equity Security will be deemed to be Jointly Held by both or each of those Personal Representatives.
- 13.4 **Transmission Events:**
- (i) Subject to the Insolvency Act 2006 (NZ) and the Applicable Law, a person who establishes to the satisfaction of the Board that it is entitled to an Equity Security because of an event of insolvency may:
    - (a) elect to be registered as a Securityholder in respect of that Equity Security by giving a signed notice in writing to the Company; or
    - (b) transfer that Equity Security to another person.

- (ii) Subject to the Applicable Law, a transfer pursuant to clause 13.4(i) is subject to all of the provisions of this Constitution relating to any transfer of an Equity Security.

## 14. Restricted Securities

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- 14.1 **No disposal:** Restricted Securities cannot be disposed of during the Applicable Escrow Period except as permitted under the ASX Listing Rules or by ASX.
- 14.2 **No Company acknowledgement of a disposal:** The Company must refuse to acknowledge a disposal (including a registration of a transfer) of Restricted Securities during the Applicable Escrow Period except as permitted under the ASX Listing Rules or by ASX.
- 14.3 **No voting rights or Dividends:** During the subsistence of a breach of the ASX Listing Rules or the provisions of any Restriction Agreement relating to a Restricted Security, the holder of that Restricted Security is not entitled to any voting rights, or (subject to compliance with section 53(3) of the Act) Dividends or Distributions, in respect of his or her Restricted Security.

## 15. Dividends and Distributions

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- 15.1 **Power to authorise:** The Board, if satisfied on reasonable grounds that the Company will immediately after the declaration and payment of a Dividend or a Distribution, satisfy the solvency test may, subject to the Act and this Constitution, authorise the declaration and payment of a Dividend or a Distribution by the Company at times, and of amounts, and to any Securityholders, as it thinks fit and may do everything which is necessary or expedient to give effect to any such declaration and payment.
- 15.2 **Form of Dividend or Distribution:** Subject to the rights attaching to Equity Securities in any class, the Board may declare and pay a Dividend or a Distribution in such form as it thinks fit, but except as provided in clause **Error! Reference source not found.** shall not differentiate between Securityholders of those Equity Securities, as to the form in which a Dividend or a Distribution is made, without the prior approval, of those Securityholders.
- 15.3 **Entitlement to a Dividend or Distribution:** The Board shall not authorise the declaration and payment of a Dividend or a Distribution:
- (i) in respect of some but not all the Equity Securities in the same class; or
- (ii) that is of a greater value per Equity Security in respect of some Equity Securities of a class than it is in respect of other Equity Securities of that same class,

other than in respect of non-Fully Paid Up Equity Securities, and the amount of Dividend or Distribution payable in respect of those non-Fully Paid Up Equity Securities will be equal to the proportion of the Dividend or Distribution payable in respect of Fully Paid Up Equity Securities that is equal to the proportion that the dollar amount that has actually been paid to the Company in respect of those non-Fully Paid Up Equity Securities bears to the aggregate of all dollar amounts that has actually been paid and the aggregate of all dollar amounts that remain payable to the Company, in respect of those non-Fully Paid Up Equity Securities.

- 15.4 **Deduction of money:** The Board may deduct from a Dividend or Distribution payable to a Securityholder any amount which is due and payable by that Securityholder to the Company on account of calls, as provided for in this Constitution or under the Applicable Law or otherwise in relation to any Equity Securities held by that Securityholder.
- 15.5 **Method of payment:** A Dividend or Distribution payable in cash may be paid in such manner as the Board thinks fit to the entitled Securityholders or, in the case of Jointly Held Securityholders, to the Jointly Held Securityholder named first in the Security Register, or to such other person and in such manner as a Jointly Held Securityholder or all the Jointly Held

Securityholders may in writing direct. Any one of two or more Jointly Held Securityholders may give a receipt for any payment in respect of the Equity Securities held by them as Jointly Held Securityholders.

- 15.6 **No interest on Dividends or Distributions:** The Company is not liable to pay interest in respect of any Dividend or Distribution, when or at any time after being declared.
- 15.7 **Payment of small Distribution amounts:** Where the net amount of a Dividend or Distribution payable to a Securityholder is less than such minimum amount as may be determined from time to time by the Board for the purposes of this clause, the Company may, with the prior approval of that Securityholder, defer payment of the Dividend or Distribution to that Securityholder until the earlier of:
- (i) such time as that Securityholder has an aggregate entitlement to net Dividends or Distributions that exceeds such minimum amount; and
  - (ii) the date upon which that Securityholder ceases to hold any Equity Securities.
- 15.8 **Unclaimed Dividends or Distributions:** Dividends or Distributions unclaimed for more than one year after having been declared may be used for the benefit of the Company until claimed. All Dividends or Distributions unclaimed for more than five years after having been authorised may be forfeited by the Board for the benefit of the Company. The Board shall nevertheless, at any time after such forfeiture, annul the forfeiture and agree to pay a claimant who produces satisfactory evidence of entitlement to the relevant Dividend or Distribution.

## 16. Participation of Securityholders

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- 16.1 **Alternative forms of Meeting:** A Meeting may be held by a number of Securityholders (or their Representatives), who constitute a quorum:
- (i) being assembled together at the place, date and time appointed for the Meeting;
  - (ii) participating in the Meeting by means of audio, audio and visual, or electronic communication; or
  - (iii) by a combination of both of the methods described in clause (i) and clause (ii).
- For the avoidance of doubt, a Securityholder or its Representative participating in a Meeting by means of audio, audio and visual, or electronic communication is present at the Meeting and part of the quorum.
- 16.2 **Participation by electronic means:** A Securityholder, or the Securityholder's Representative, may participate in a Meeting by means of audio, audio and visual, or electronic communication if:
- (i) the Board approves those means; and
  - (ii) the Securityholder or Representative complies with any conditions imposed by the Board in relation to the use of those means (including, for example, conditions relating to the identity of the Securityholder Representative and that person's approval or authentication (including electronic authentication) of the information communicated by electronic means).
- 16.3 **Powers exercisable by Ordinary Resolution:** Unless otherwise specified in the Act, the ASX Listing Rules or this Constitution, a power or right of approval reserved to Securityholders may be exercised by Ordinary Resolution.

## 17. Meetings of Securityholders

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- 17.1 **Annual Meetings:** The Company shall hold annual Meetings of Shareholders in accordance with section 120 of the Act.
- 17.2 **Special Meetings:** A special Meeting of Securityholders entitled to vote on an issue:
- (i) may be called by the Board at any time; and
  - (ii) shall be called by the Board on the written request of Securityholders holding Equity Securities carrying together not less than 5% of the voting rights entitled to be exercised on any of the questions to be considered at the Meeting.
- 17.3 **Time and place of Meetings:** Each Meeting shall be held at such time and place as the Board appoints.

## 18. Notice of Meetings and Postponed Meetings of Securityholders

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- 18.1 **Written notice:** For so long as the Company is admitted to the Official List, written notice of the time and place of a Meeting shall be sent to:
- (i) every Securityholder entitled to receive notice of the Meeting, not later than the first day of the period of notice specified in the Act;
  - (ii) every Director; and
  - (iii) the auditor of the Company,
- and in any event, not less than 10 Working Days before the meeting, but with the consent of all Securityholders entitled to attend and vote at a Meeting, that Meeting may be convened by such shorter notice, and in such manner, as those Securityholders agree and otherwise in compliance with the Applicable Law.
- 18.2 **Contents of Notice of Meeting:** A Notice of Meeting shall state:
- (i) the nature of the business to be transacted at the Meeting in sufficient detail to enable a Securityholder to form a reasoned judgment in relation to it;
  - (ii) the text of any Resolution to be submitted to the Meeting;
  - (iii) in the case of any Special Resolution required by sections 106(1)(a) or 106(1)(b) of the Act, the right of a Securityholder under section 110 of the Act; and
  - (iv) that a Securityholder entitled to attend and vote at the Meeting is entitled to appoint a proxy or other Representative to attend and vote instead of the Securityholder and that proxy or other Representative need not be a Securityholder.
- 18.3 **Compliance with ASX Listing Rules:** For so long as the Company is admitted to the Official List, a Notice of Meeting must comply with the requirements of the ASX Listing Rules and any other requirements specified by ASX.
- 18.4 **Calculation of Period of Notice:** In computing the period of notice required under the provisions of clause 18.1, both the day on which the Notice of Meeting is given or taken to be given and the day of the Meeting convened by it are to be disregarded.
- 18.5 **Form of Resolutions:** So far as reasonably practicable, each Resolution to be proposed at a Meeting shall be framed in a way which enables a Securityholder or its Representative to:

- (i) vote for the Resolution;
  - (ii) vote against the Resolution; or
  - (iii) abstain from voting on the Resolution.
- 18.6 **Attendance waives certain rights:** A person's attendance at a Meeting, whether in person or through the attendance of a proxy or other Representative of that person, waives any objection that person may have, to:
- (i) a failure to give a Notice of Meeting, or the giving of a defective Notice of Meeting, of that Meeting, unless and only if that person states the nature of each of his objections at the beginning of that Meeting; and
  - (ii) the consideration of a particular matter at that Meeting which is not stated in the Notice of Meeting, unless and only if that person states his objection to the consideration of that matter when it is first presented at that Meeting.
- 18.7 **Waiver of notice irregularity:** Without limitation to the provisions of clause 18.6, an irregularity in a Notice of Meeting is waived if all the Securityholders who are entitled to attend and vote at the Meeting, attend that Meeting, whether in person or by proxy or other Representative, and agree to waive that irregularity.
- 18.8 **Accidental omission of Notice of Meeting:** The accidental omission to give a Notice of Meeting to, or the failure to receive or late receipt of a Notice of Meeting or notice of the cancellation, adjournment or postponement of a Meeting by, any person entitled to receive that Notice of Meeting or such other notice, does not invalidate the proceedings at the Meeting that is the subject of that Notice of Meeting, including any Resolution passed at the Meeting or at a postponed Meeting or the cancellation or postponement of a Meeting.
- 18.9 **Cancellation or Postponement of a Meeting:** Where a Meeting (including an annual general meeting) is convened by the Board, the Board may, by notice whenever it deems fit, cancel the Meeting or postpone the holding of the Meeting to a date, time and place determined by the Board.
- 18.10 **Exceptions:** Clause 18.9 does not apply to a Meeting convened in accordance with the Act by Securityholders or by any one or more of the Directors on the request of Securityholders or to a Meeting convened by a court.
- 18.11 **Contents of Notice of Postponement of Meeting:** A notice of postponement of a Meeting must specify:
- (i) the postponed date and time for the holding of the Meeting;
  - (ii) the place for the holding of the Meeting which may be either the same as or different to the place specified in the notice convening the original Meeting; and
  - (iii) if the Meeting is to be held in two or more venues, the technology that will be used to facilitate the holding of the Meeting in that manner.
- 18.12 **Notice of Cancellation or Postponement of a Meeting:** Notice of cancellation or postponement or change of place of a Meeting must state the reason for cancellation or postponement and be:
- (i) published in a daily newspaper circulating in Australia and a daily newspaper circulating in New Zealand;
  - (ii) given to the ASX; or



- (iii) subject to the Applicable Law and the ASX Listing Rules, given in any other manner determined by the Board.

18.13 **Number of Clear Working Days for Postponement of Meeting:** The number of clear days from the giving of a notice postponing the holding of a Meeting to the date specified in that notice for the holding of the postponed Meeting must not be less than 10 Working Days.

18.14 **Business at Postponed Meeting:** The only business that may be transacted at a Meeting which has been postponed is the business specified in the original notice convening the Meeting.

18.15 **Proxy, Attorney or corporate representative at Postponed Meeting:** Where, by the terms of an instrument appointing a proxy or attorney or an appointment of a corporate representative:

- (i) the appointed person is authorised to attend and vote at a Meeting or Meetings to be held on or before a specified date; and
- (ii) the date for holding the Meeting is postponed to a date later than the date specified in the instrument of proxy, power of attorney or appointment of corporate representative,

then, in accordance with the provisions of this clause 18.15, that later date is substituted for and applies to the exclusion of the date specified in the instrument of proxy, power of attorney or appointment of corporate representative unless the Securityholder appointing the proxy, attorney or corporate representative gives to the Company at its Registered Office notice in writing to the contrary not less than 48 hours before the time to which the holding of the Meeting has been postponed.

18.16 **Director Entitled to Notice of Meeting:** Subject to the Applicable law, a Director is entitled to receive each Notice of Meeting and to attend all Meetings and all separate Meetings of the holders of any class of Equity Securities or any Interest Group and is entitled to speak at any of those Meetings.

## 19. Proceedings at Meetings of Securityholders

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19.1 **Securityholder at a specified time:** The Board may determine for the purposes of a particular Meeting that all Equity Securities that are quoted on the ASX at a specified time and date before the Meeting, are taken to be held at the time and date of the Meeting, by those persons who are registered as holding those Equity Securities at that specified time and date. The determination must be made and published in the Notice of Meeting of that Meeting and otherwise in accordance with the Act.

19.2 **Reference to a Securityholder:** Unless the contrary intention appears, a reference to a Securityholder in this clause 19 means a person who is a Securityholder or a Representative of that Securityholder:

19.3 **Requirement for quorum:** Subject to the provisions of clause 19.55, no business may be transacted at a Meeting if a quorum is not present.

19.4 **Quorum:** Subject to the provisions of clause 19.55, a quorum for a Meeting is 2 Securityholders having the right to vote at the Meeting, present in person or by Representative.

19.5 **Lack of quorum:** If a quorum is not present within 30 minutes after the time and date specified in the Notice of Meeting, for the Meeting:

- (i) in the case of a Meeting called by the Board on the written request of Securityholders entitled to exercise that right, the Meeting is dissolved; and

- (ii) in the case of any other Meeting, the Meeting is adjourned to a Meeting to be convened on the same day in the following week and at the same time and place, or to such other date, time and place as the Board may appoint (**Adjourned Meeting**) and, if at the Adjourned Meeting a quorum is not present within 30 minutes after the time and date appointed for the Adjourned Meeting, the Securityholders or their Representatives present will constitute a quorum.

19.6 **Regulation of procedure:** Subject to the provisions of the Act and any Applicable Law, and except as otherwise provided in this Constitution, a Meeting may regulate its own procedure for the conduct of that Meeting.

19.7 **Conduct of Meetings:** Without limiting the powers that the law confers on the chairperson, the chairperson of a Meeting:

- (i) has charge of the general conduct of the Meeting and the procedures to be adopted at the Meeting;
- (ii) may require the adoption of any procedure which is, in the chairperson's opinion, necessary or desirable for proper and orderly debate or discussion and the proper and orderly casting or recording of votes at the Meeting; and
- (iii) may, having regard where necessary under the Act or any other Applicable Law, terminate discussion or debate on any matter whenever the chairperson considers it necessary or desirable for the proper conduct of the Meeting,

and a decision by the chairperson under this clause 19.7 is final.

19.8 **Admission to General Meetings:** Without limiting any other powers of the chairperson, the chairperson may expel or refuse admission to a Meeting to a person who:

- (i) has a placard or banner;
- (ii) has an article considered by the chairperson to be dangerous, offensive or liable to cause disruption;
- (iii) refuses to produce or to permit examination of any article or the contents of any article, in the person's possession;
- (iv) behaves or threatens to behave in a dangerous, offensive or disruptive manner; or
- (v) is not:
  - (a) a Securityholder who is entitled to attend the Meeting, or their duly appointed Representative or a professional adviser of any of the foregoing; or
  - (b) a director, officer or an auditor of the Company.

19.9 **Dissolution or Adjournment of General Meeting:** Without limitation to the provisions of clause 19.11, the chairperson of a Meeting may, at any time during the Meeting, dissolve or adjourn the Meeting or any business, motion, question, Resolution, debate or discussion being considered or remaining to be considered by the Meeting either to a later time at the same Meeting or to an adjourned Meeting at any time and place, but:

- (i) in exercising the discretion to do so, the chairperson may, but need not, seek the approval of the Securityholders, present in person or by Representative; and
- (ii) only unfinished business is to be transacted at a Meeting resumed after a dissolution or an adjournment.

Unless required by the chairperson, a vote may not be taken or demanded by the Securityholders present in person or by proxy, attorney or Corporate Representative in respect of any dissolution or adjournment.

- 19.10 **Notice of Adjourned Meeting:** It is not necessary to give any Notice of Meeting of an adjournment or of the business to be transacted at any adjourned Meeting unless a Meeting is adjourned for more than 20 Working Days. In the case of adjournment of a Meeting for more than 20 Working Days, Notice of Meeting of the adjourned Meeting must be given in accordance with the provisions of clause 18.1 and clause 18.2.
- 19.11 **Adjournment or dissolution of disorderly Meeting:** If a Meeting becomes so unruly, disorderly or inordinately protracted, that in the opinion of the chairperson the business of the Meeting cannot be conducted in a proper and orderly manner, the chairperson, notwithstanding any provision to the contrary contained in this Constitution and without the consent of the Meeting, may, in his or her sole and absolute discretion and without giving any reason therefor, either adjourn or dissolve the Meeting.
- 19.12 **Completion of unfinished business if Meeting dissolved:** If a Meeting is dissolved by the chairperson pursuant to the provisions of clause 19.10 or clause 19.11, the unfinished business of the Meeting shall be dealt with as follows:
- (i) in respect of a Resolution concerning the approval or authorisation of a Dividend or a Distribution, the Board may, in the exercise of the powers conferred on it by the Act or this Constitution, authorise, vary the terms of or refuse to authorise, such Dividend or Distribution;
  - (ii) in respect of a Resolution concerning the remuneration of the auditors, the Meeting shall be deemed to have Resolved that the Board be authorised to fix the remuneration of the auditors; and
  - (iii) the chairperson may direct that any other item of uncompleted business, which in the chairperson's opinion requires to be voted upon, be put to the vote by a poll without further discussion, in accordance with the provisions of clause 23.5.
- 19.13 **Meetings of a Class of Securityholders or Interest Groups:** All provisions of this Constitution relating to a Meeting, and the conduct of any business at that Meeting, apply, so far as they are capable of application and with any necessary changes, to the conduct of any business at a Meeting of any class of Securityholders or of any Interest Group, required to be held pursuant to this Constitution or any Applicable Law except that:
- (i) a quorum for such Meeting (other than a meeting of an Interest Group) is two Securityholders (present in person or by Representative) who are entitled to attend and participate in the business of such Meeting, or if only one person is entitled to attend and participate in the business of such Meeting, that person;
  - (ii) a quorum for a Meeting of an Interest Group is one Securityholder having the right to vote at that Meeting, present in person or by Representative;
  - (iii) if the Board so elects, one Meeting may be held of Securityholders constituting more than one class of Equity Securities or more than one Interest Group, so long as voting at that Meeting is exclusively by way of a poll, and proper arrangements are made to distinguish between the votes of the Securityholders in each class of Equity Securities and/or Interest Group; and
  - (iv) any Securityholder (present in person or by Representative) who holds Equity Securities of the class or is a member of the relevant Interest Group (as applicable), may demand a poll.

## 20. Chairperson of Meetings

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20.1 **Chairperson:** If the Directors have elected a chairperson of the Board and he or she is present at a Meeting, he or she shall chair that Meeting, unless or except to the extent that the chairperson considers it not proper or desirable to act as chairperson, either in relation to the entire Meeting or in relation to any particular business to be considered at the Meeting.

20.2 **Absence of Chairperson at General Meeting:** If a Meeting is held and:

- (i) a chairperson has not been elected by the Board; or
- (ii) the elected chairperson is not present within 15 minutes after the time appointed for the holding of the Meeting or is unable or unwilling to act,

the following will preside as chairperson of the Meeting (in order of precedence) if they are willing and able to so do:

- (iii) the deputy chairperson (if any);
- (iv) a Director chosen by a majority of the Board;
- (v) the only Director present; or
- (vi) a Securityholder chosen by a majority of the Securityholders present in person or by Representative.

## 21. Voting at Meetings

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21.1 **Voting at Meeting in one place:** In the case of a Meeting held under the provisions of clause 16.1(i), unless a poll is demanded in accordance with the provisions of clause 23.1, the chairperson of the Meeting shall determine whether voting will be by voice or by show of hands.

21.2 **Voting at audio/visual Meeting:** In the case of a Meeting held under the provisions of clause 16.1(ii) or clause 16.1(iii), unless a poll is demanded in accordance with the provisions of clause 23.1, voting at the Meeting shall be by any method permitted by the chairperson of the Meeting.

21.3 **Postal votes:** Unless the Board determines otherwise, Securityholders may not exercise the right to vote at a Meeting by casting postal votes. If the Board determines that postal voting will be permitted at a Meeting, the provisions of clause 7 of Schedule 1 to the Act shall apply, with such modifications (if any) as the Board thinks fit.

21.4 **Entitlement to vote:** A Securityholder may exercise the right to vote either in person or by Representative.

21.5 **Number of votes:** Subject to the provisions of clause 14.3, clause 22 and the ASX Listing Rules, and to any rights or restrictions for the time being attached to any Equity Security:

- (i) where voting is by show of hands or by voice every Securityholder present in person or by Representative has one vote; and
- (ii) on a poll every Securityholder present in person or by Representative has:
  - (a) in respect of each fully paid Equity Security held by that Securityholder, one vote; and

- (b) in respect of each Equity Security held by that Securityholder which is not fully paid, a fraction of the vote or votes which would be exercisable if that Equity Security was fully paid, that is equivalent to the proportion which the amount that has been paid (excluding amounts credited as paid) on that Equity Security bears to the total amount paid and payable on that Equity Security (excluding amounts credited as paid and amounts paid in advance of calls). On the application of this clause 21.5, any fraction of a vote in respect of a single Equity Security which arises is to be disregarded
- 21.6 **Vote of protected persons:** A Securityholder who is of unsound mind or in respect of whom an order relating to the mental health of that person has been made by any court having appropriate jurisdiction, may vote in respect of any Shares held by that Securityholder, by his or her committee, trustee, manager, or other person of a similar nature appointed by that court, voting in person or by Representative.
- 21.7 **Declaration by chairperson:** Subject to the provisions of clause 23.1, a declaration by the chairperson that a Resolution has, on a show of hands, been carried or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the book containing the minutes of the proceedings of the Company, is conclusive evidence of the fact. Neither the chairperson nor the minutes need state, and it is not necessary to prove, the number or proportion of the votes recorded in favour of or against the Resolution.
- 21.8 **Chairperson's casting vote:** The chairperson of a Meeting is not entitled to a casting vote.
- 21.9 **Jointly Held Equity Securities:** Where an Equity Security is registered as being Jointly Held, the vote of the person named first in the Security Register as a Securityholder of that Equity Security who votes on a matter must be accepted in respect of an exercise of the applicable voting rights attaching to that Equity Security, to the exclusion of the vote of any other person named in the Security Register as a Securityholder of that Equity Security.
- 21.10 **Electronic voting:** The Board may permit, in relation to a particular Meeting or generally:
- (i) the appointment of proxies or corporate representatives to be made by electronic means;
  - (ii) postal votes to be cast by electronic means; and
  - (iii) to the extent permitted by Applicable Law, votes to be cast on Resolutions at Meetings by electronic means.
- The procedures in relation to such electronic appointment or electronic voting shall be those required by Applicable Law (if any) together with any other procedures determined by the Board. If the Board permits electronic appointment of proxies or representatives or electronic voting in accordance with this clause, such electronic appointments may be made or electronic votes cast notwithstanding any other provision of this Constitution.
- 21.11 **Objection to Voting Qualification:** An objection to the right of a person to attend or vote at a Meeting or adjourned or postponed Meeting:
- (i) may not be raised except at that Meeting or adjourned or postponed Meeting; and
  - (ii) must be referred to the chairperson of the Meeting, whose decision on the matter will be final.

A vote not disallowed under such an objection is valid for all purposes.

## 22. Restrictions on Voting

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- 22.1 **No voting rights when amount owing on Equity Security:** A Securityholder is not entitled to vote at any Meeting (including a Meeting of an Interest Group) in respect of any Share if any amount is due and payable on that Equity Security by the Securityholder to the Company.
- 22.2 **Restriction or Escrow Agreement:** A Securityholder is not entitled to vote at a Meeting in respect of any Equity Security that is the subject of a current Restriction Agreement or a current Escrow Agreement, for so long as any breach of that agreement subsists.

## 23. Polls

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- 23.1 **Right to demand poll:** At a Meeting a poll may be demanded by:
- (i) the chairperson of that Meeting;
  - (ii) not less than 5 Securityholders having the right to vote at that Meeting;
  - (iii) a Securityholder or Securityholders representing not less than 10% of the total voting rights of all Securityholders having the right to vote at that Meeting; or
  - (iv) a Securityholder or Securityholders holding Equity Securities that confer a right to vote at that Meeting and on which the aggregate amount paid up is not less than 10% of the total amount paid up on all Equity Securities that confer that right.
- 23.2 **When poll may be demanded:** A poll may be demanded either before or after the vote is taken on a Resolution. The demand for a poll may be withdrawn.
- 23.3 **Matters on which a poll cannot be demanded:** A poll cannot be demanded on any Resolution concerning:
- (i) the election of the chairperson of a Meeting; or
  - (ii) the dissolution, adjournment or postponement of a Meeting.
- 23.4 **Poll procedure:** A poll demanded on any issue, matter or question other than those referred to in clause 23.3, shall be taken at such time, date and manner as the chairperson directs and any business, other than that upon which a poll is demanded, may proceed pending the taking of that poll.
- 23.5 **Result of poll:** The result of a poll is deemed to be a Resolution of the Meeting at which the poll is demanded.
- 23.6 **Votes:** On a poll:
- (i) votes may be cast either personally or by Representative;
  - (ii) votes shall be counted according to the votes attached to the Equity Securities of each Securityholder present in person or by Representative and voting in respect of those Equity Securities; and
  - (iii) a Securityholder need not cast all the votes to which the Securityholder is entitled and need not exercise in the same way all of the votes which a Securityholder casts.
- 23.7 **Scrutineers:** The auditors of the Company shall be scrutineers unless they are unable or unwilling to act, or the chairperson of the Meeting directs otherwise, in which case the scrutineers shall be appointed by the chairperson.

- 23.8 **Declaration of result:** The chairperson is entitled to declare the result of a poll upon receipt of a certificate from the scrutineers stating that sufficient votes to determine the result of the Resolution the subject of a poll have been counted and setting out the basis of that determination. Any such declaration is conclusive evidence of each of the facts declared.
- 23.9 **Deemed Authority to Demand Poll:** An instrument appointing a proxy is deemed to confer authority to demand or join in demanding a poll.

## 24. Proxies

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- 24.1 **Right to appoint:** A Securityholder may appoint a proxy to vote on behalf of that Securityholder at a Meeting. The proxy is entitled to attend and be heard at the Meeting, and to demand or join in demanding a poll, as if the proxy was that Securityholder that appointed that proxy. A proxy need not be a Securityholder.
- 24.2 **Multiple proxies:** A Securityholder may appoint more than one proxy for a particular Meeting, provided that not more than one proxy is appointed to exercise the rights attached to a particular Equity Security held by the Securityholder that appointed that proxy.
- 24.3 **Notice of appointment:** A proxy shall be appointed by written notice signed by or, in the case of an electronic notice, sent by the appointing Securityholder and the notice shall state whether the appointment is for a particular Meeting or for a specified term. The notice must (so far as the subject matter and form of the Resolutions to be proposed at the relevant Meeting reasonably permit), as a minimum, expressly enable and authorise the proxy to vote for or against, or abstain from voting, on all or any of those Resolutions. If the written notice appointing a proxy is signed under a power of attorney, a copy of the power of attorney (unless already deposited with the Company) and a signed certificate of non-revocation of the power of attorney must accompany the notice.
- 24.4 **Proxy form to be sent with notice of Meeting:** The Company shall send a form of notice of appointment of proxy to every Securityholder entitled to attend and vote at a Meeting, with the notice convening the Meeting.
- 24.5 **Receipt of proxy form:** No appointment of a proxy is effective in relation to a Meeting unless a copy of the notice of appointment is received by the Company at its registered office, or by the Security Registrar, as is applicable, at such address as is specified for that purpose in the form of notice of appointment or in the notice convening the Meeting, not later than 48 hours before the time and date for the commencement of the Meeting or adjourned Meeting at which the person named in the notice as a proxy is appointed and authorised to vote.
- 24.6 **Validity of proxy vote:** A vote given in accordance with the terms of a notice of appointment of a proxy is valid notwithstanding the previous death or mental disorder of the principal, or the revocation of the appointment or of the authority under which the notice of appointment was executed, or the transfer of the Equity Security in respect of which the proxy is appointed, if no written notification of such death, mental disorder, revocation, or transfer is received by the Company at its registered office, or by the Security Registrar, before the commencement of the Meeting or adjourned Meeting for which the proxy is appointed and authorised to vote.
- 24.7 **Suspension of Proxy's Authority:** The authority of a proxy to speak and vote for a Securityholder at a Meeting is suspended while the Securityholder is present at that Meeting.

## 25. Corporate Representative

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- 25.1 A corporation which is a Securityholder may appoint a person to attend a Meeting on its behalf in the same manner as that in which it could appoint a proxy. The representative shall be entitled to attend and be heard at a Meeting as if the representative were the Securityholder that appointed that representative.

## 26. Securityholder Proposals and Management Review

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- 26.1 **Proposals for consideration at a Meeting:** A Securityholder may give written notice to the Board of a matter which the Securityholder proposes to raise for discussion or resolution at the next Meeting at which the Securityholder is entitled to vote. The provisions of clause 9 of Schedule 1 to the Act apply to any notice given pursuant to this clause.
- 26.2 **Management review by Securityholders:** Subject to the provisions of clause 19.9 and clause 19.11, the chairperson of a Meeting shall allow a reasonable opportunity for Securityholders who attend the Meeting to question, discuss, or comment on the management of the Company. The Securityholders may pass a Resolution relating to the management of the Company at that Meeting but no such Resolution will be binding on the Board or the Company.

## 27. Directors

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- 27.1 **Maximum number:** The maximum number of Directors (other than Alternate Directors) is 8. Subject to that maximum and the ASX Listing Rules, the number of Directors to hold office shall be fixed from time to time by the Board.
- 27.2 **Appointment by Securityholders:** Subject to the provisions of clause 27.1 and the ASX Listing Rules, a person may be appointed as a Director at any time by an Ordinary Resolution.
- 27.3 **Appointment by Board:** Subject to the provisions of clause 27.1 and the ASX Listing Rules, the Board may at any time appoint a person to be a Director to fill a casual vacancy or as an addition to existing Directors. A Director appointed to fill a casual vacancy or as an addition to the Board may hold office only until the next annual general Meeting of the Company, and is then eligible for election, but must not be taken into account in determining the Directors who are to retire by rotation at that annual general Meeting.
- 27.4 **Eligibility for Election:** No person, other than a Director retiring pursuant to the provisions of clause 27.6, a Director appointed pursuant to the provisions of clause 27.3 or a person nominated by the Board, is eligible to be elected as a Director at any meeting of Securityholders unless a nomination signed by a Securityholder accompanied by the consent of the nominee to act is given to the Company at least 35 Working Days before the meeting (or, in the case of a meeting that Shareholders have requested the Board call in accordance with the Act, 30 Working Days).
- 27.5 **Existing Directors to continue:** The persons holding office as Directors on the date of adoption of this Constitution continue in office and are deemed to have been appointed as Directors pursuant to this Constitution.
- 27.6 **Re-election of retiring Director:** A Director must not hold office (without re-election) past the conclusion of the third consecutive annual general Meeting of the Company following the Director's appointment or the third anniversary of the date of the most recent appointment of that Director, whichever occurs first. However, a Director appointed to fill a casual vacancy or as an addition to the Board must not hold office (without re-election) past the next annual general Meeting of the Company.
- 27.7 **Elections at each annual general Meeting:** The Company must hold an election of Directors at each annual general Meeting. The Directors to retire shall be those who have been longest in office since they were last elected or deemed elected. In the case of Directors who were last appointed Directors on the same day, those to retire shall be determined by agreement between those Directors or, if they cannot agree, by lot.
- 27.8 **Exceptions to rotation:** The Director, if any, who is appointed in accordance with the provisions of clause 29 is not required to retire by rotation. That Director shall be included in



the number of Directors upon which the calculation of the number of Directors to retire by rotation is made.

**27.9 Restriction on appointment of several Directors by single Resolution:** A single Resolution for the appointment of two or more persons as Directors shall not be moved unless a separate Resolution that it be so moved has first been passed by the Meeting without any vote being cast against it but nothing in this clause prevents the election of two or more Directors by ballot or poll.

**27.10 Vacation of office:** A Director automatically ceases to be a Director if he or she:

- (i) is removed from office by an Ordinary Resolution;
- (ii) dies, or becomes mentally disordered or subject to a property order or personal order made under the Protection of Personal and Property Rights Act 1988;
- (iii) resigns by written notice delivered to the Company at its address for service or at its registered office (such notice to be effective at the time when it is so received unless a later time is specified in the notice);
- (iv) becomes disqualified from being a Director pursuant to the Act or any other Applicable Law;
- (v) becomes bankrupt or makes an arrangement or composition with his or her creditors generally;
- (vi) retires from office and is not re-elected or deemed to have been re-elected under this Constitution; or
- (vii) has for more than 6 months been absent without approval of the Board from meetings of the Board held during that period.

**27.11 Directors not subject to Retirement:** The following persons are not subject to the provisions of clause 27.6 or clause 27.7 and are not taken into account in determining the Directors required to retire at an annual general Meeting:

- (i) the Managing Director of the Company or, if there is more than one Managing Director, the Managing Director of the Company nominated by the Board for the purpose of this clause 27.11; and
- (ii) an alternate Director of the Company.

**27.12 Timing of retirement and appointment:** If:

- (i) a Director retires at a Meeting and is not re-elected or deemed to be re-elected at that Meeting, the Director shall remain in office until, and his or her retirement shall take effect at, the conclusion of that Meeting;
- (ii) a Director is removed from office at a Meeting by Ordinary Resolution, the Director shall remain in office until, and his or her removal shall take effect at, immediately after the conclusion of that Meeting, other than to the extent that the terms of the Ordinary Resolution that effects such removal state otherwise; or
- (iii) a person who is not already a Director is appointed or elected as a Director at a Meeting, that person shall take office as a Director immediately after the conclusion of that Meeting, other than to the extent that the terms of the Ordinary Resolution that effects such appointment or election state otherwise.

**27.13 No shareholding qualification:** A Director is not required to hold Equity Securities.

## 28. Alternate Directors

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- 28.1 **Power to appoint:** A Director may from time to time by written notice to the Company appoint any person, who is not already a Director and who is approved by a majority of the other Directors, to be that Director's alternate either for a specified period or generally, during the absence or inability to act from time to time of such Director. No Director may appoint a deputy or agent except by way of appointment of an Alternate Director under the provisions of this clause 28.
- 28.2 **Rights of Alternate Director:** Unless otherwise specified by the terms of his or her appointment, an Alternate Director:
- (i) is entitled, in the absence or unavailability of the Director who appointed him or her (**Appointor**), to exercise the same rights, powers and privileges (other than the power to appoint an Alternate Director) as the Appointor;
  - (ii) when acting as an Alternate Director is subject to the same duties and obligations as the Appointor; and
  - (iii) is not entitled to be given notice of a meeting of the Directors unless the Appointor has given written notice to the Company requesting that that notice also be given to the Alternate Director.
- 28.3 **Remuneration and expenses:** An Alternate Director is not entitled to any remuneration from the Company in his or her capacity as an Alternate Director but is entitled to be reimbursed by the Company for all expenses incurred in attending meetings of the Directors and in the discharge of his or her duties, to the same extent as if he or she was a Director.
- 28.4 **Cessation of appointment:** An Alternate Director ceases to be an Alternate Director:
- (i) if the Appointor ceases to be a Director (other than where the Director retires by rotation and is re-elected), or revokes the appointment of that Alternate Director by written notice to the Company;
  - (ii) on the occurrence of any event which would disqualify the Appointor as being qualified or entitled to remain in the office of a Director;
  - (iii) on the occurrence of any event which would disqualify the Alternate Director if he or she were a Director, to remain in the office of a Director; or
  - (iv) if a majority in number of the other Directors resolve to revoke the Alternate Director's appointment.

## 29. Managing Directors

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- 29.1 **Appointment:** The Board may from time to time appoint one or more Directors to the office of Managing Director for such period not exceeding five years, and on such other terms and conditions, as the Board thinks fit and, subject to the terms and conditions of any agreement entered into in any particular case, may at any time revoke or terminate such appointment. A Managing Director may be re-appointed at any time within three months before expiry of a term of appointment for a further period not exceeding five years, and on such other terms and conditions, as the Board thinks fit and may continue to be re-appointed for a further term of five years in the same manner.
- 29.2 **Resignation:** Subject to the provisions of clause 27.11, a Managing Director is subject to the same provisions as regards resignation, removal and disqualification as the other Directors, and if a Managing Director ceases to hold the office of Director from any cause he or she automatically ceases to be a Managing Director.

29.3 **Remuneration:** A Managing Director is entitled to receive such remuneration for his or her services as an employee (whether by way of salary, commission or participation in profits, or partly in one way and partly in another) as the Board may determine.

29.4 **No alternate Managing Director:** The power to appoint an alternate Director conferred on Directors by this Constitution does not confer on any Managing Director the power to appoint an alternate Managing Director.

## 30. Remuneration and Other Benefits of Directors

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30.1 **Restriction on authorisation:** The Board may, subject to the ASX Listing Rules, exercise the power conferred by section 161 of the Act to authorise payments and other benefits to and for Directors.

30.2 **Payment of expenses:** Directors are entitled to be paid for all travelling, accommodation and other expenses properly incurred by them in attending meetings of the Board, or any committee of the Board, or meetings of Securityholders, or in connection with the business of the Company.

30.3 **Special remuneration:** Without limiting clause 30.1, the Board may authorise the Company to pay special remuneration to any Director who is, or has been, engaged by the Company to carry out work in a capacity other than that of Director.

## 31. Indemnity and Insurance

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31.1 **Indemnity of Directors:** Subject to the provisions of clause 31.3 every Director shall be indemnified by the Company:

- (i) for any costs incurred by him or her in any proceeding that relates to liability for any act or omission in his or her capacity as a Director or a director of a subsidiary of the Company and in which judgment is given in his or her favour, or in which he or she is acquitted, or which is discontinued; and
- (ii) in respect of any liability to any person other than the Company or a related company for any act or omission by him or her in his or her capacity as a Director or a director of a subsidiary of the Company, and costs incurred by him or her in defending or settling any claim or proceeding relating to any such liability,

and this indemnity shall continue in force, despite any subsequent revocation or amendment of this clause, in relation to any liability which arises out of any act or omission by a Director prior to the date of such revocation or amendment, but shall be subject to any limitations contained in any deed or agreement from time to time in force between the Company and the Director relating to indemnities.

31.2 **Other indemnities:** Subject to the provisions of clause 31.3 (and to any limitations contained in any deed or agreement relating to the indemnity), the Company may, with the prior approval of the Board, indemnify a director of a related company, or an employee of the Company or of a related company:

- (i) for any costs incurred by him or her in any proceeding that relates to liability for any act or omission by him or her in such capacity and in which judgment is given in his or her favour, or in which he or she is acquitted, or which is discontinued; and
- (ii) in respect of any liability to any person other than the Company or a related company for any act or omission by him or her in such capacity, and costs incurred by him or her in defending or settling any claim or proceeding relating to any such liability.

31.3 **Exceptions:** An indemnity conferred under the provisions of clause 31.1(ii), or given pursuant to the provisions of clause 31.2(ii), shall not apply in respect of:

- (i) any criminal liability;
- (ii) in the case of an employee of the Company or of a related company, any liability in respect of a breach of any fiduciary duty owed to the Company or related company;
- (iii) in the case of a Director or a director of a related company, any liability in respect of a breach of the duty specified in section 131 of the Act.

An indemnity conferred under the provisions of clause 31.1, or given pursuant to the provisions of clause 31.2, shall not apply in respect of any liability or costs in respect of which an indemnity is prohibited by any Applicable Law.

31.4 **Express indemnity:** Without limiting the indemnity conferred under the provisions of clause 31.1 the Company may, with the prior approval of the Board, by deed or agreement grant in favour of any Director an express indemnity to the same effect as that conferred under the provisions of clause 31.1, but subject to the exceptions in the provisions of clause 31.3.

31.5 **Insurance:** The Company may, with the prior approval of the Board, effect insurance for a Director or employee of the Company, or a director or employee of a related company, in respect of:

- (i) liability, not being criminal liability, for any act or omission by him or her in such capacity;
- (ii) costs incurred by him or her in defending or settling any claim or proceeding relating to any such liability; or
- (iii) costs incurred by him or her in defending any criminal proceedings that have been brought against the director or employee in relation to any act or omission in his or her capacity as a director or employee and in which he or she is acquitted.

31.6 **Definitions:** In this section 31:

- (i) "Director" includes a former Director and "director" includes a former director; and
- (ii) other words given extended meanings in section 162(9) of the Act have those extended meanings.

## 32. Powers of Directors

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32.1 **Management of Company:** The business and affairs of the Company shall be managed by, or under the direction or supervision of, the Board.

32.2 **Exercise of powers by Board:** The Board may exercise all the powers of the Company which are not required, either by the Act, this Constitution or any Applicable Law, to be exercised by the Securityholders.

32.3 **Delegation of powers:** The Board may delegate to a committee of Directors, a Director, an employee of the Company, or to any other person, any one or more of its powers, other than a power set out in Schedule 2 to the Act.

32.4 **Appointment of attorney:** The Company may, in accordance with the provisions of section 181 of the Act, exercise the power conferred by that section to appoint a person as its attorney, either generally or in relation to a specified matter. Any such power of attorney may contain such provisions for the protection of persons dealing with the attorney as the Board

thinks fit, and may also authorise any attorney to delegate all or any of the powers, authorities and discretions vested in the attorney.

- 32.5 **Ratification by Securityholders:** Subject to the provisions of section 177 of the Act (relating to ratification of directors' actions) the Securityholders, or any other person in whom a power is vested by this Constitution or the Act, may ratify the purported exercise of that power by a Director or the Board in the same manner as the power may be exercised. The purported exercise of a power that is ratified under this clause is deemed to be, and always to have been, a proper and valid exercise of that power.

### 33. Interests of Directors

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- 33.1 **Disclosure of Interests:** A Director shall comply with the provisions of section 140 of the Act (relating to disclosure of interest of directors) but failure to comply with that section does not affect or qualify the operation of the provisions of clause 33.2.

- 33.2 **Personal involvement of Directors:** Notwithstanding any rule of law or equity to the contrary, but subject to the ASX Listing Rules and to sections 107(3) and 141 of the Act (relating to avoidance of transactions in which a Director is Interested) and section 199(2) of the Act (prohibiting a director from acting as auditor of a company), a Director may:

- (i) contract with the Company in any capacity;
- (ii) be a party to any transaction with the Company;
- (iii) have any direct or indirect personal involvement or Interest in any transaction or arrangement to which the Company is a party or in which it is otherwise directly or indirectly interested or involved;
- (iv) become a director or other officer of, or otherwise Interested in, any corporation promoted by the Company or in which the Company may be directly or indirectly interested as a shareholder or otherwise; and
- (v) retain any remuneration, profit or benefits in relation to any of the foregoing,

and no contract or arrangement of any kind referred to in this clause may be avoided by reason of a Director's Interest.

### 34. Proceedings of Board

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- 34.1 **Schedule 3 to the Act not to apply:** The provisions of Schedule 3 to the Act (relating to proceedings of a board) do not apply to the Company, except to the extent expressly incorporated in this Constitution.

- 34.2 **Alternative forms of meeting:** A meeting of the Board may be held either:

- (i) by a number of the Directors who constitute a quorum, being assembled together at the place, date and time appointed for the meeting; or
- (ii) by means of audio, or audio and visual, communication by which all Directors participating and constituting a quorum can simultaneously hear each other throughout the meeting.

- 34.3 **Procedure:** Except as provided in this Constitution, the Board may regulate its own procedure.

- 34.4 **Convening of meetings:** A Director, or an employee of the Company at the request of a Director, may convene a meeting of the Board by giving notice in accordance with clause 34.5.
- 34.5 **Notice of meeting:** The following provisions apply in relation to meetings of the Board (except where otherwise agreed by all Directors in relation to any particular meeting or meetings):
- (i) Not less than twenty four (24) hours' notice of a meeting shall be sent to each Director, unless:
    - (a) the Director waives that right; or
    - (b) in the opinion of the chairperson or of Directors who would together constitute a quorum at the meeting, the meeting is necessary as a matter of urgency, in which event such notice as is practicable in the circumstances shall be given.
  - (ii) Notice to a Director of a meeting may be:
    - (a) given to the Director in person by telephone or other oral communication;
    - (b) delivered to the Director;
    - (c) posted to the address given by the Director to the Company for such purpose;
    - (d) sent by facsimile transmission to the facsimile telephone number given by the Director to the Company for such purpose; or
    - (e) sent by email or such other electronic means in accordance with any request or permission, actual or implied, made by the Director from time to time for such purpose.
  - (iii) A notice of meeting shall:
    - (a) specify the date, time and place of the meeting;
    - (b) in the case of a meeting by means of audio, or audio and visual, communication, specify the manner in which each Director may participate in the proceedings of the meeting; and
    - (c) give an indication of the matters to be discussed, in sufficient detail to enable a reasonable Director to appreciate the general import of the matters, unless that detail is already known to all the Directors or the provision of such indication is impracticable in any particular circumstances.
  - (iv) A notice of meeting given to a Director pursuant to this clause 34.5 is deemed to be given:
    - (a) in the case of oral communication, at the time of notification;
    - (b) in the case of delivery, by handing the notice to the Director or by delivery of the notice to the address of the Director;
    - (c) in the case of posting, two Working Days after the date upon which it is posted;
    - (d) in the case of facsimile transmission, when the Company receives a transmission report by the sending machine which indicates that the facsimile

was sent in its entirety to the facsimile telephone number given by the Director; or

- (e) in the case of electronic means, at the time of successful transmission.
  - (v) If all reasonable efforts have been made to give notice of a meeting to a Director in accordance with the provisions of this clause 34.5 but nevertheless the Director cannot be contacted, notice of the meeting shall be deemed to have been duly given to that Director.
- 34.6 **Waiver of notice irregularity:** An irregularity in the giving of notice of a meeting is waived if each of the Directors either attends the meeting without protest as to the irregularity or agrees (whether before, during, or after the meeting) to the waiver.
- 34.7 **Quorum:** A quorum for consideration of any matter at a meeting of the Board is two Directors present and entitled to vote on the matter, or such greater number as the Board may from time to time determine. No matter may be considered at a meeting of the Board if a quorum for the purposes of the matter is not present.
- 34.8 **Insufficient number of Directors:** The Directors may act notwithstanding any vacancy in their body, but if and for so long as the number of Directors holding office is less than three, the continuing Directors may act only for the purposes of increasing the number of Directors to that number or calling a Meeting.
- 34.9 **Election of chairperson:** The Directors may from time to time elect a chairperson and (if they think fit) a deputy chairperson, of their meetings, and determine the period for which they respectively are to hold office. The chairperson, or failing the chairperson the deputy chairperson (if any), shall chair all meetings of the Directors. If at any time there is no such chairperson or deputy chairperson, or if at any meeting the chairperson or deputy chairperson is not present within ten (10) minutes after the time appointed for holding the meeting, or is present but not entitled to vote on a particular matter, the Directors present may choose one of their number to be chairperson of the meeting, or for consideration of the particular matter, as the case may be.
- 34.10 **Voting:** Every Director has one vote. In the case of an equality of votes, other than where two Directors form a quorum, the chairperson has a casting vote. A resolution of the Board is passed if it is agreed to without dissent by all Directors present and entitled to vote on the resolution, or if a majority of the votes cast on it are in favour of the resolution. A Director present at a meeting of the Board is presumed to have agreed to, and to have voted in favour of, a resolution of the Board unless he or she expressly dissents from, or votes against, or expressly abstains from voting on, the resolution at the meeting.
- 34.11 **Voting Restrictions:** A Director must not vote where that Director is not permitted to vote by the ASX Listing Rules, this Constitution, the Act or any other Applicable Law.
- 34.12 **Written resolution:** A resolution in writing, signed or assented to by all the Directors entitled to vote on the resolution is as valid and effective as if passed at a meeting of the Board duly convened and held in accordance with the provisions of this Constitution and any other Applicable Law, provided that those Directors would constitute a quorum for consideration of the resolution at a meeting of the Board. Any such resolution may consist of several documents (including facsimile or other similar means of communication) in similar form, each signed or assented to by one or more Directors. A copy of any such resolution shall be entered in the Records.
- 34.13 **Committees:** A committee of Directors shall, in the exercise of the powers delegated to it, comply with any procedural or other requirements imposed on it by the Board. Subject to any such requirements, the provisions of this Constitution relating to proceedings of Directors apply, with appropriate modification, to meetings of a committee of Directors.

- 34.14 **Validity of actions:** The acts of a person as a Director are valid even though the person's appointment was defective or the person is not qualified for appointment.
- 34.15 **Minutes:** The Board shall ensure that minutes are kept of all proceedings at meetings of the Securityholders and of the Board. Minutes which have been signed correct by the chairperson of the meeting are prima facie evidence of those proceedings.
- 34.16 **Board to manage in accordance with objectives:** The Company's business and affairs must be managed by, or under the direction or supervision of, the Board except to the extent that the Act, the ASX Listing Rules, this Constitution or any other Applicable Law provides otherwise.

## 35. Method of Contracting

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- 35.1 **Deeds:** A deed which is to be entered into by the Company may be signed on behalf of the Company, by:
- (i) two or more Directors;
  - (ii) any Director, together with any other person authorised by the Board, both of whose signatures must be witnessed; or
  - (iii) one or more attorneys appointed by the Company,
- in accordance with the provisions of s181 of the Act.
- 35.2 **Other written contracts:** An obligation or contract which is required by law to be in writing, and any other written obligation or contract which is to be entered into by the Company, may be signed on behalf of the Company by a person acting under the express or implied authority of the Company.
- 35.3 **Other obligations:** Any other obligation or contract may be entered into on behalf of the Company in writing or orally by a person acting under the express or implied authority of the Company.

## 36. Inspection of Records

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- 36.1 **Inspection by Directors:** Subject to the provisions of section 191 (2) of the Act (which relates to the power of a court to limit inspection), all accounting and other records of the Company shall be open to the inspection of any Director.
- 36.2 **Inspection by Securityholders:** No Securityholder who is not also a Director is entitled to inspect any accounting or other records of the Company except as expressly authorised by law or permitted by the Board. Subject to the provisions of section 216 of the Act (which permits inspection of certain records by Securityholders) the Board may from time to time determine whether, to what extent, at what times and places, and under what conditions, the accounting or other records of the Company or any of them are open to the inspection of Securityholders (who are not also Directors).

## 37. Notices

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- 37.1 **Method of service:** All notices, reports, accounts and other documents required to be sent to a Securityholder, shall be sent in the manner provided in section 391 of the Act.
- 37.2 **Service of notices overseas:** If a Securityholder has not given to the Company or the Security Registrar an address within New Zealand for the giving of notices, but has supplied an address outside New Zealand, then notices shall be posted to that holder at such address



and shall be deemed to have been received by that holder no less than twenty four (24) hours after the time of posting.

- 37.3 **Accidental omissions:** The failure to send an annual report, notice, or other document to a Securityholder in accordance with the provisions of the Act or this Constitution does not invalidate the proceedings at a Meeting if the failure to do so was accidental.
- 37.4 **Securityholders of Jointly Held Equity Securities:** A notice may be given by the Company to Securityholders of a Jointly Held Equity Security by giving the notice to the Securityholder named first in the Security Register in respect of that Jointly Held Equity Security.
- 37.5 **Securityholder becomes deceased, bankrupt or insolvent:** If a Securityholder dies or is adjudicated bankrupt or insolvent, notice may be given in any manner in which notice might have been given if the death, bankruptcy or insolvency had not occurred, or by giving notice in the manner provided in section 391 of the Act to the Personal Representative of that Securityholder at the address supplied to the Company for that purpose.
- 37.6 **Waiver by Securityholder:** Subject to section 212(2) of the Act, a Securityholder may from time to time, by written notice to the Company, waive the right to receive all or any documents from the Company and may at any time thereafter revoke the waiver in the same manner. While any waiver is in effect, the Company need not send to the Securityholder the documents to which the waiver relates.

## 38. Liquidation

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- 38.1 **Distribution of surplus:** Subject to the rights attaching to the respective Equity Securities, the rights and obligations of Securityholders and to the provisions of clause 38.2, upon the liquidation of the Company the surplus assets of the Company (if any) must be distributed among the Securityholders entitled to receive a proportion of those surplus assets (each an **Entitled Securityholder**) in proportion to their respective Securityholdings and subject to the terms of the relevant Equity Securities. If any Equity Securities are not fully paid up at that time, the liquidator of the Company may require those Equity Securities to be fully paid up before the Entitled Securityholder in whose name those Equity Securities are then registered, receives any distribution of the surplus assets of the Company in respect of those Equity Securities.
- 38.2 **Distribution of assets in kind:** If the Company is liquidated the liquidator may, with the approval of the Entitled Securityholders and any other sanction required by the Act:
- (i) divide among the Entitled Securityholders in kind the whole or any part of the assets of the Company (whether they consist of property of the same kind or not) and may for that purpose fix such value as the liquidator deems fair in respect of any property to be so divided, and may determine how the division shall be carried out as between Entitled Securityholders or between different classes of Entitled Securityholders; and
  - (ii) vest the whole or any part of any such assets in trustees upon such trusts for the benefit of the persons so entitled as the liquidator thinks fit, but so that no Entitled Securityholder is compelled to accept any Equity Security on which there is any liability.

**ANNEXURE B**

**TERMS AND CONDITIONS OF NEW LONG TERM INCENTIVE PLAN**

**Bathurst Resources Limited**

(NZCN 4382538)



**Bathurst Resources Employee Incentive Plan  
Plan Rules**

**5 November 2018**

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## Bathurst Resources Employee Incentive Plan Rules

### 1. Introduction

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#### 1.1 Purpose of Plan

The Company has established this Plan to encourage Employees, being executive directors and senior managers and other employees who are close business associates of the Company, to share in the ownership of the Company and to promote the long-term success of the Company as a goal shared by all Employees.

#### 1.2 Advice

**This Plan is an offer of Awards to only those Employees who are close business associates of the Company and, as such, is not required to include those disclosures required under Part 3 of the FMCA.**

There are legal and tax consequences associated with participation in the Plan. Employees should ensure that they understand these consequences before accepting an invitation to participate in the Plan.

Any advice given by or on behalf of the Company is general advice only. Employees should obtain their own advice in relation to the Awards from an independent person who is appropriately qualified, knowledgeable and/or licensed to give such advice.

**Employees should seek advice and ask questions before participating in the Plan.**

### 2. Definitions and Interpretation

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#### 2.1 Definitions

In these Rules unless the contrary intention appears, terms defined in the Companies Act or Listing Rules have the same meaning in these Rules, and:

**Application** means a written acceptance of an Offer, or an application, for an Award in a form approved by or acceptable to, the Board.

**Associate** has the meaning given to that term in rule 4 of the Takeovers Code.

**ASX** means ASX Limited ACN 008 624 691 or the securities market which it operates, as the context requires.

**Award** means any one of:

- (a) an Option,
- (b) a Performance Right,
- (c) a Service Right,

- (d) a Deferred Share Award,
- (e) a Cash Right, or
- (f) a Stock Appreciation Right,

as applicable.

**Board** means the Board of Directors of the Company.

**Cash Right** means a cash based performance right issued under clause 3.7.

**Change of Control** means, in relation to the Company, either:

- (a) any person, either alone or together with any Associate, who did not have a relevant interest (as defined in rule 3(1) of the Takeovers Code) in more than 50% of the issued Shares, acquires a relevant interest in more than 50% of the issued Shares; or
- (b) the Board concludes that there has been a change in the control of the Company.

**close business associate** has the meaning given to that term in clauses 4(2) and 4(3) of Schedule 1 of the FMCA.

**Company** means Bathurst Resources Limited NZCN 4382538, a company incorporated in New Zealand.

**Companies Act** means Companies Act 1993 (New Zealand).

**Control** has the meaning given to that term in rule 3(1) of the Takeovers Code.

**Deferred Share Award** means a Share issued under clause 3.5.

**Employee** means a person who is a full-time or permanent part-time executive, executive director or senior manager of the Company or any related body corporate of the Company or is otherwise an employee who is a close business associate of the Company or any related body corporate of the Company.

**exercise** means exercise of an Award in accordance with its terms, and includes automatic exercise in accordance with these Rules.

**Exercise Price** means the price payable (if any) per Share to exercise an Award.

**Expiry Date** means the date on which an Award lapses and is no longer capable of being exercised, being the date specified in an Offer as the Expiry Date or fixed by a method of calculation as set out in an Offer.

**Fair Market Value** means the closing sales price per Share for the relevant date on the ASX, or, if there is no such sale on the relevant date, then on the last previous day on which such a sale is reported.

**FMCA** means the Financial Markets Conduct Act 2013 (New Zealand).

**Group** means the Company and each of its related bodies corporate.

**Issue** of a Share includes the transfer of an existing Share in accordance with clause 8.3.

**Issue Price** means the price (if any) to be paid for the issue of a Share as stated in the Offer.

**Leaver's Policy** means the terms and conditions that the Company has adopted and that apply, at any time and from time to time, in relation to the giving, vesting, withdrawal, denial, receipt or entitlement to or of, any remuneration, benefit, interest or other right, of an employee of the Company or any related body corporate of the Company, upon and as a consequence of the termination of their employment or the nature or quality of their performance as an employee of the Company or any related body corporate of the Company, prior to that termination occurring.

**Listed** means the Company being and remaining admitted to the official list of the ASX.

**Listing Rules** means the Listing Rules of the ASX and any other rules of the ASX which are applicable while the Company is Listed each as amended or replaced from time to time, except to the extent of any waiver granted by the ASX.

**Market Price** means the weighted average sale price of Shares on the ASX over the five trading days immediately preceding the day the Offer is made, or another pricing method determined by the Board.

**Nominee** has the meaning given to that term in clause 4.1.

**Offer** means an offer or issue of an Award or Awards made to an Employee under clause 4. Where an Award is issued without the need for acceptance, an Offer includes the document setting out the terms of that Award.

**Option** means an option to acquire Shares issued under clause 3.2.

**Participant** means an Employee or a Nominee to whom an Award is issued.

**Performance Right** means a right to acquire a Share issued under clause 3.3.

**Plan** means this Bathurst Resources Employee Incentive Plan.

**Plan Shares** means the Shares allotted and issued, or transferred, by the Company to a Participant in respect of an Award.

**related body corporate** has the meaning given to that term in section 12 of the FMCA.

**relevant interest** has the meaning given to that term in rule 3(1) of the Takeovers Code.

**Restricted Award** means an Award, or a Share issued on exercise of an Award, in respect of which a restriction on sale or disposal applies under this Plan.

**Restriction Period** means the period during which an Award, or a Share issued on exercise of an Award, must not be sold or disposed of, made the subject of a Security Interest or otherwise dealt

with, being the period specified in these Rules in respect of Deferred Share Awards, and as otherwise specified in the Offer in respect of other Awards.

**Rules** means these rules of this Plan as amended from time to time.

**Security Interest** means an interest in an asset which provides security for, or protects against default by, a person for the payment or satisfaction of a debt, obligation or liability including a mortgage, charge, bill of sale, pledge, deposit, lien, encumbrance, hypothecation, first right of refusal, voting right or arrangement for the retention of title or any agreement, option or other arrangement to grant such an interest or right.

**Service Right** means a right to acquire a Share issued under clause 3.4.

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

**Stock Appreciation Right** means a right designated as a stock appreciation right and issued under clause 3.8.

**Takeovers Code** means the takeovers code under the Takeovers Act 1993 (New Zealand), at the date of these Rules being the code set out in the Schedule entitled "Takeovers Code" to the Takeovers Regulations 2000 (New Zealand).

**Vesting Conditions** means any conditions described in the Offer, or that otherwise applies to an Award, and that must be satisfied before an Award can be exercised or before an Award (or Share issued under an Award) is no longer subject to forfeiture.

**Vesting Date** means the date on which an Award is exercisable or is no longer subject to forfeiture following satisfaction of any and all applicable Vesting Conditions.

## 2.2 Interpretation

In these Rules, unless expressed to the contrary:

- (a) terms defined in the Companies Act have the same meaning in these Rules;
- (b) words importing:
  - (i) the singular include the plural and vice versa;
  - (ii) any gender includes the other genders;
- (c) if a word or phrase is defined cognate words and phrases have corresponding definitions;
- (d) a reference to:
  - (i) a person includes a firm, unincorporated association, corporation and a government or statutory body or authority;
  - (ii) a person includes its legal personal representatives, successors and assigns;

- (iii) a statute, ordinance, code or other law includes regulations and other statutory instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
- (iv) a right includes a benefit, remedy, discretion, authority or power;
- (v) "\$" or "dollars" is a reference to the lawful currency of Australia;
- (vi) this or any other document includes the document as varied or replaced and notwithstanding any change in the identity of the parties; and
- (vii) anything (including, without limitation, any amount) is a reference to the whole or any part of it and a reference to a group of things or persons is a reference to any one or more of them.

### 2.3 Headings

Headings are for convenience only and do not affect the interpretation of these Rules.

## **3. Awards that may be made under the Plan**

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3.1 The Company may, at the discretion of the Board, and subject to clause 4.1, offer and issue an Award or Awards to an Employee of the kind set out in this clause 3.

### 3.2 Options

The Company may make an Offer of, or issue, Options, which are rights to be issued a Share upon payment of the Exercise Price, and which rights are subject to the exercise of those rights in accordance with their terms, including the satisfaction of Vesting Conditions specified in that Offer or issue. Each of the following terms apply unless the Offer specifies otherwise:

- (a) Options are Restricted Awards until they are exercised or expire;
- (b) an Offer may specify a Restriction Period for Shares issued on the exercise of Options; and
- (c) the number and other terms upon which Options have been issued are subject to adjustment under clause 13.

### 3.3 Performance Rights

The Company may make an Offer of, or issue, Performance Rights, which are rights to be issued a Share for nil Exercise Price, and which are subject to the exercise of those Performance Rights in accordance with their terms, including the satisfaction of Vesting Conditions specified in that Offer or issue. Each of the following apply unless the Offer specifies otherwise:

- (a) Performance Rights are Restricted Awards until they are exercised or expire;



- (b) an Offer may specify a Restriction Period for Shares issued on the exercise of Performance Rights; and
- (c) the number and other terms upon which Performance Rights have been issued are subject to adjustment under clause 13.

#### 3.4 Service Rights

The Company may make an Offer of, or issue, Service Rights, which are rights to be issued a Share for nil Exercise Price, and which are subject to the exercise of those Service Rights in accordance with their terms, including the satisfaction of Vesting Conditions specified in that Offer or issue. Each of the following terms apply unless the Offer specifies otherwise:

- (a) Service Rights are Restricted Awards until they are exercised or expire;
- (b) an Offer may specify a Restriction Period for Shares issued on the exercise of Service Rights; and
- (c) the number and other terms upon which Service Rights have been issued are subject to adjustment under clause 13.

#### 3.5 Deferred Share Awards

The Company may make an Offer of, or issue, Deferred Share Awards, which are Shares issued to Employees:

- (a) who elect to receive Shares in lieu of any wages, salary, director's fees, or other remuneration; or
- (b) by the Company in its discretion, in addition to their wages, salary and remuneration of the applicable Employee, or in lieu of any discretionary cash bonus or other incentive payment; and
- (c) that may be forfeited if Vesting Conditions specified in the Offer or otherwise applicable to that issue, are not satisfied in accordance with their respective terms.

#### 3.6 Unless a different Restriction Period is specified in an Offer, the Restriction Period for Deferred Share Awards will expire on the earlier to occur of:

- (a) when a Participant ceases to be an Employee;
- (b) when there is no risk of forfeiting the Share and there is no restriction on disposing of the Share; and
- (c) the fifteenth anniversary of the date of issue of the Shares.

#### 3.7 Cash Rights

The Company may make an Offer of, or issue, Cash Rights, which are rights to be issued a cash

payment for nil Exercise Price upon the satisfaction of specified Vesting Conditions. Each of the following terms apply unless the Offer specifies otherwise:

- (a) the Cash Rights are Restricted Awards until they are exercised or expire; and
- (b) an Offer or issue may specify a Restriction Period for Shares issued upon the exercise of Cash Rights.

### 3.8 Stock Appreciation Rights

The Company may make an Offer of, or issue, Stock Appreciation Rights in accordance with this clause 3.8. Each of the following terms apply to the issue of Stock Appreciation Rights unless the Offer specifies otherwise:

- (a) Stock Appreciation Rights are Restricted Awards until they are exercised or expire;
- (b) an Offer may specify a Restriction Period for Shares issued on the exercise of Stock Appreciation Rights;
- (c) upon exercise of a Stock Appreciation Right, and unless the Board determines otherwise, the Participant exercising the Stock Appreciation Right shall be entitled to receive payment from the Company, being a dollar amount equal to the amount, if any, by which the Fair Market Value on the date of exercise of the Stock Appreciation Right exceeds the Fair Market Value on the date of grant of the Stock Appreciation Right, adjusted as necessary for any changes to the Company's capital structure that has occurred between those two dates. The full terms of calculation of such payment will be set out in the Offer;
- (d) at the discretion of the Board, the payment upon exercise of a Stock Appreciation Right may be in cash, in Shares of equivalent value (where that value is the Fair Market Value on the date of exercise of the Stock Appreciation Right), or in some combination of cash and Shares. The Board's determination shall be made at any time on or before exercise of a Stock Appreciation Right; and
- (e) the number and other terms upon which Stock Appreciation Rights have been issued are subject to adjustment under clause 13.

## 4. Offers of Awards

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- 4.1 Subject to clause 5, the Company may make an Offer to any Employee or to any person or entity nominated by an Employee (each a **Nominee**).
- 4.2 To the extent permitted by law, the Board will be required to refuse to make an Offer, or withdraw an Offer made, to a Nominee (even where that Offer may have been accepted or attempted to be accepted, by or on behalf of the Nominee), unless and until the Board:

- (a) is satisfied that that Nominee is and will remain Controlled exclusively by the Employee until all Awards and their underlying Shares or other securities that are the subject of that Offer, have unconditionally vested in accordance with their terms and conditions of issue; and
- (b) receives from the Nominee a written acknowledgment that any Award that is issued to that Nominee will be received and held, and all rights and obligations in respect of that Award will be received and performed, in accordance with these Rules and all other applicable laws.

#### 4.3 Form of Offer

Each Offer must be in writing (which includes email), include an Application if acceptance is required, and specify the following to the extent applicable:

- (a) the name and address of the Employee or the Nominee to whom the Offer is made;
- (b) the type of each Award being offered;
- (c) the number of each Award being offered;
- (d) any Vesting Conditions (if any) applicable to any Award;
- (e) the Issue Price and/or Exercise Price for each Award, or the manner in which the Issue Price and/or Exercise Price is to be determined;
- (f) the Expiry Date of the or each Offer (if any);
- (g) any Restriction Period (if any) applicable the or each Award;
- (h) any other terms or conditions of the or each Offer that the Board decides to include; and
- (i) any other matters required to be specified in any Offer by applicable law, any applicable exemption or the Listing Rules.

#### 4.4 The Board may amend an Offer at any time prior to the acceptance of an Offer.

#### 4.5 Each Offer must include an undertaking by the Company to provide to a Participant, if a request is made before the Award is exercised and within a reasonable period of being so requested, the Market Price of the Shares at the time of that request.

#### 4.6 Compliance with laws

No Offer will be made to the extent that any such Offer would contravene the Company's Constitution, the Listing Rules, the Companies Act, the FMCA or any other applicable law.

#### 4.7 Acceptance

If acceptance of an Offer is required, it may be accepted in each case, by not later than the last date permitted for acceptance specified in the Offer:

- (a) by an Employee or the Nominee completing and returning the Application, as required by the Offer; and
  - (b) if required, by the Employee or the Nominee making or directing payment of the total amount payable for the Awards (if any) accepted under the Offer, and in the manner specified in the Offer.
- 4.8** An Offer which requires acceptance lapses if it is not accepted by the Employee or the Nominee to whom the Offer is made as required under clause 4.7.
- 4.9** For the avoidance of any doubt, an Offer may only be accepted by (and the relevant Award and any subsequent Share issues may only be granted or issued to) the Employee or the Nominee to whom the Offer is made.
- 4.10** Notwithstanding any other provision of this Plan, neither an Employee nor a Nominee has any right to acquire an Award and no right in respect of an Award under the Plan until such Award is issued in accordance with clause 4.12.
- 4.11** If the Board is permitted by law to reject an acceptance or purported acceptance of an Offer by an Employee or a Nominee and determines to do so, the Company will provide notification to the relevant Employee or Nominee that it has rejected the Employee's or Nominee's acceptance or purported acceptance of the Offer and that acceptance or purported acceptance (and the relevant Offer) will become null and void and of no effect.
- 4.12** Subject to clauses 4.10 and 4.11, as soon as reasonably practicable following the receipt of an acceptance of an Offer in accordance with clause 4.7, the Company will, provided the Employee continues to be eligible for the Awards the subject of that acceptance, issue to that Employee or a Nominee of that Employee, the relevant Awards that are the subject of that Offer.
- 4.13** Participation in the Plan does not give the Participant any legal or beneficial interest in a Share prior to its issue to the Participant, nor any entitlement to a Share, otherwise than in accordance with the Offer and these Rules.
- 4.14** Except in respect of the transmission of an Award to a legal representative of a Participant upon death or legal incapacity of that Participant, the Participant is not permitted to dispose of, grant any Security Interest over or otherwise deal in, an Award or any right or title therein.

## **5. Dilution limit**

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The number of Shares that may be issued under this Plan will be set by the Company with regard to the limits prescribed by any applicable legislation, regulation, policy or other requirement of any duly empowered governmental agency with respect to employee share scheme offers made without a form of prescribed disclosure.

Subject to the foregoing, the Company will ensure that the total number of specified financial products issued or transferred under all of the Company's employee share purchase schemes, including under

this Plan, in any 12-month period does not exceed in the case of an Offer or issue of Awards where Shares are or may be awarded, 5% (in number) of all the Shares as at the start of the 12-month period.

## **6. Vesting and Exercise of Awards**

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### 6.1 Vesting

The Awards held by a Participant will vest in and become exercisable by that Participant upon the satisfaction of any Vesting Conditions specified in the Offer and otherwise in accordance with these Rules.

6.2 Any Award issued to Participant, or the Nominee of that Participant, that has not vested in that Participant or Nominee, will unless any Leaver's Policy applies or the Board determines otherwise, automatically upon the date of the cessation of the employment of the Participant by any member of the Group, no longer be able to vest in that Participant or Nominee and be cancelled.

6.3 Vesting Conditions may be waived at the absolute discretion of the Board (unless such waiver is excluded by the terms of the Award).

6.4 If the Vesting Conditions specified in the Offer are not wholly satisfied or waived in accordance with these Rules and the provisions of the Offer, the Participant's rights in relation to the relevant Award will thereupon lapse except to the extent otherwise provided by the Offer or unless the Board determines otherwise, and the Participant will be treated as having never received or held any right or interest in that lapsed Award.

### 6.5 Automatic Exercise

The vesting of an Award upon the satisfaction of any Vesting Conditions will not automatically oblige the holder of that Award to exercise the Award unless specified in the Offer.

### 6.6 Exercise of Awards

A Participant is, subject to this clause 6, entitled to exercise an Award on or after the Vesting Date. Any exercise must be for a minimum number or multiple of Shares (if any) specified in the provisions of the Offer.

**7. Awards may be exercised by the holder of that Award delivering to the Company a notice stating the number of Awards to be exercised together with the Issue Price or Exercise Price (if any) for the Shares to be issued by not later than the last permitted date for exercise specified in the Offer. If a vested Award is not exercised by the date for exercise specified in the Offer, it will automatically lapse and the holder of that Award will be treated as having never received or held any right or interest in that vested Award. Election of Board to settle Awards in cash**

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If the Board determines that it is not appropriate to issue or transfer Shares, upon and as a consequence of the exercise of an Award, for a taxation, legal, regulatory or compliance reason, the Company may in lieu and final satisfaction of the Company's obligation to issue or transfer Shares as

required upon that exercise, make a cash payment to the Participant equivalent to the Fair Market Value as at the date of exercise of the Award (less any unpaid Exercise Price otherwise applicable to the exercise of the Award) multiplied by the relevant number of Shares otherwise required to be issued or transferred to the Participant upon exercise of the Award.

## **8. Allotment of Shares on exercise or vesting of Awards**

---

### 8.1 Rights attaching to Shares

The Shares issued under this Plan will upon allotment:

- (a) be credited as fully paid;
- (b) rank equally for dividends and other entitlements where the record date is on or after the date of allotment, but will carry no right to receive any dividend or entitlement where the record date for determining who is entitled to receive payment of that dividend or entitlement, is before the date of allotment; and
- (c) be subject to any restrictions imposed under these Rules, and
- (d) otherwise rank equally with the existing issued Shares at the time of allotment.

### 8.2 Quotation

If and whilst the Company is Listed, then as soon as practicable after the date of the allotment of Shares pursuant to the exercise of an Award, the Company will, unless the Board otherwise resolves, apply for official quotation of such Shares on the ASX.

### 8.3 New or existing Shares

The Company may, in its discretion, either issue new Shares or cause existing Shares to be acquired for transfer to the Participant, or a combination of both alternatives, to satisfy the Company's obligations under these Rules.

### 8.4 If the Company determines to cause the transfer of Shares to a Participant, the Shares may be acquired in such manner as the Company considers appropriate, including from a trustee appointed under clause 8.5.

### 8.5 The Company may appoint a trustee on terms and conditions which it considers appropriate to subscribe for or acquire and hold Shares, options, or other securities of the Company either on behalf of Participants or for the purposes of this Plan.

## **9. Rights attaching to Shares**

---

### 9.1 Shares to rank equally

Any Plan Shares allotted and issued, or transferred by the Company to a Participant will rank equally with all existing Shares on and from the date of issue or transfer.

## 9.2 Voting rights

A Participant may exercise any voting rights attaching to Plan Shares registered in the Participant's name.

## 10. Restricted Awards

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### 10.1 Restrictions

Without limitation to the provisions of clause 4.14, a Participant must not sell, transfer, mortgage, pledge, charge, grant a Security Interest over or otherwise dispose of any Restricted Awards, or agree to do any of those things, during the Restriction Period.

10.2 The Company may implement any procedures it considers appropriate to ensure that Restricted Awards are not disposed of during the Restriction Period, including applying a holding lock in respect of Shares.

10.3 Without limiting its discretions under these Rules, the Board may at any time in its discretion waive or shorten the Restriction Period applicable to an Award.

### 10.4 Bonus issues

If the Company makes a pro rata bonus issue to holders of Restricted Awards, the Shares issued to Participants under that pro rata bonus issue will be subject to the balance of the Restriction Period that applied to the Restricted Awards.

### 10.6 Death of a Participant

If a Participant dies before the end of the Restriction Period or prior to the Vesting Date, the Vesting Conditions and any Restriction Periods applicable to all Awards will cease to apply, unless the Board determines otherwise.

## 11. Change of Control

---

If a Change of Control occurs, or the Board determines in its absolute discretion that a Change of Control is likely to occur, the Board will determine, in its sole and absolute discretion, the manner in which all unvested and vested Awards will be dealt with, including determination of the extent, if any, to which:

- (a) relevant Vesting Conditions will be waived;
- (b) the time at which unvested Awards are to be replaced by rights to shares or other equity securities of the new controlling company on substantially the same terms and subject to

substantially the same conditions as the unvested Awards with any appropriate amendments, including to defined terms and Vesting Conditions; and

- (c) the time at which, unvested Awards will lapse (with the relevant Participant being treated as having never received or held any right or interest in those unvested Awards from the time of lapse).

## **12. Hedging unvested Awards**

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Participants must not enter into transactions or arrangements, including by way of derivatives or similar financial products, which limit the economic risk of holding unvested Awards.

## **13. Adjustments**

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- 13.1 This clause 13 applies to Options, Performance Rights, Service Rights and other Awards where the Participant may be entitled to acquire Shares in the future upon exercise of that Award (each a **Relevant Award**).

- 13.2 Bonus Issues

If, prior to the exercise of a Relevant Award, the Company makes a pro-rata bonus issue to the holders of Shares (other than an issue in lieu of dividends or by way of dividend reinvestment pursuant to any shareholder election), and the Relevant Award is not exercised prior to the record date in respect of that bonus issue, that Relevant Award will, when exercised, entitle the holder to one Share plus the number of bonus shares (or any fraction thereof) which would have been issued to the holder if that Relevant Award had been exercised prior to that record date.

- 13.3 Reorganisations of capital

If, prior to the exercise of a Relevant Award, the Company undergoes a reorganisation of capital the terms of that Relevant Award will be changed to the extent necessary to comply with the Listing Rules as they apply at the relevant time (as their application in the circumstances is affected by any waiver granted by ASX).

- 13.4 Board discretion

Subject to the Listing Rules, FMCA, Companies Act and to clauses 13.2 and 13.3, the Board may, in its absolute discretion:

- (a) adjust the number of Relevant Awards in relation to a Participant;
- (b) issue a further Offer to a Participant in respect of additional Relevant Awards; or



- (c) determine that Shares will be allocated to a Participant in respect of some or all of their unvested Relevant Awards and that their remaining unvested Relevant Awards will wholly or partly lapse,

if the Board determines it is appropriate having regard to:

- (d) a variation in the equity share capital of the Company, including a capitalisation or rights issue, sub-division, consolidation or reduction of share capital;
- (e) a demerger (in whatever form);
- (f) a special dividend to be paid to holders of all issued Shares; or
- (g) any other event that the Board determines appropriate.

### 13.5 General

Unless otherwise permitted by the Listing Rules, the number of Shares which the Participant is entitled to receive on exercise of a Relevant Award will only be adjusted in accordance with this clause 13.

- 13.6 The Company must give notice to Participants of any adjustment to the number of Shares which the Participant is entitled to receive on exercise of a Relevant Award in accordance with the Listing Rules.

- 13.7 If the making of any adjustment contemplated by this clause 13 does not result in a whole number of Relevant Awards or Shares, the number will be rounded down to the nearest whole number.

## 14. Power of attorney

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- 14.1 In consideration of the issue of the Awards, each Participant irrevocably appoints each director and the secretary for the time being of the Company severally as his or her attorney, to do all acts and things and to complete and execute any documents, including share transfers, in his or her name and on his or her behalf that may be convenient or necessary for the purpose of giving effect to the provisions of these Rules or the terms of an Award.

- 14.2 The Participant (or after his or her death, his or her legal personal representative) will be deemed to ratify and confirm any act or thing done under this power and must indemnify the attorney in respect of doing so.

## 15. Tax contributions

---

- 15.1 Where the Company, or a subsidiary (within the meaning of the Companies Act) of the Company, must account for any tax or social security contributions (in any jurisdiction) for which a Participant is liable because of the issue or transfer of Shares, payment of cash to the Participant or the vesting or exercise of an Award (each an **Amount**), either the Company or subsidiary of the Company may withhold payment of the Amount in its discretion and/or where applicable, the issue or transfer of any Shares or the payment of any monies to the Participant, unless and until the Participant either:

- (a) pays the Amount to the Company; or
- (b) makes arrangements with and acceptable to the Company for the Amount to be paid to the Company.

## **16. Powers of the Board**

---

- 16.1 The Plan will be administered by the Board, or a committee of the Board, which will have an absolute discretion to:
- (a) determine appropriate procedures for administration of the Plan consistent with these Rules;
  - (b) resolve conclusively all questions of fact or interpretation arising in connection with the Plan or these Rules;
  - (c) delegate to any one or more persons, for such period and on such conditions as they may determine, the exercise of any of their powers or discretions under the Plan or these Rules;
  - (d) formulate special terms and conditions (subject to the Listing Rules), in addition to those set out in these Rules, to apply to Participants employed and/or resident in and/or who are citizens of countries other than New Zealand. Each of these special terms and conditions will, as far as is permitted by law, be restricted in their application to those Participants employed and/or resident in and/or who are citizens of other jurisdictions; and
  - (e) amend these Rules, provided that such amendments are made in accordance with clause 17.2.
- 16.2 While the Company is Listed, the Board may only exercise its powers under these Rules in accordance with the Listing Rules.

## **17. Commencement, suspension, termination and amendment of Plan**

---

- 17.1 Subject to the passing of any necessary resolution approving the establishment of the Plan and the issue of the Awards, the Plan will take effect when the Board decides.
- 17.2 The Plan may be suspended, terminated or amended at any time by the Board, subject to any resolution of the Company or as otherwise required by the Listing Rules, provided that no amendment to the Plan may be made which materially prejudices the rights of existing Participants other than an amendment introduced primarily:
- (a) for the purpose of complying with or conforming to present or future laws of New Zealand or the Listing Rules;
  - (b) to correct any manifest error or mistake or technical administrative requirement; or

- (c) for the purpose of enabling Participants to receive a more favourable taxation treatment in respect of their participation in the Plan.

## **18. Connection with other schemes**

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- 18.1 The Company and any related body corporate of the Company are not restricted to using the Plan as the only method of providing incentive rewards to Employees.
- 18.2 The Company and any related body corporate of the Company may approve and operate other incentive schemes, whilst this Plan remains in effect.
- 18.3 Participation in the Plan does not affect, and is not affected by, participation in any other incentive scheme of the Company or of any related body corporate of the Company unless the terms of that incentive scheme provide otherwise.

## **19. General provisions**

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### 19.1 Overriding restriction

Notwithstanding any Rule, Awards and Shares may not be granted, issued, transferred or dealt with under the Plan if to do so would contravene the Companies Act, the FMCA (subject to any applicable exemption), the Listing Rules (for so long as the Company is Listed) or any other applicable laws or where the compliance with any applicable law would in the opinion of the Board be unduly onerous or impractical.

### 19.2 Error correction

In the event that any error or mistake has been made in relation to the number of Awards the subject of an Offer:

- (a) that Offer will be null and void (even where that Offer has been accepted or purported to be accepted) and of no effect to the extent of any such error or mistake;
- (b) the Board may, in its absolute discretion, correct such error or mistake, without the need to obtain consent from the relevant Employee or relevant Participant, by notice to the Employee or Participant; and
- (c) where appropriate, the Board may issue an amended Offer (with any acceptance previously submitted by the Employee or Participant in connection with the Offer deemed to be amended, cancelled or withdrawn accordingly).

### 19.3 Participants bound

Participants issued Awards under this Plan are bound by these Rules and by the Constitution of the Company.

### 19.4 Notices

Any notice required to be given by the Company to a Participant or any correspondence to be made between the Company and a Participant must be in writing and may be given or made by the Board or its delegate on behalf of the Company.

19.5 Any notice to be given by the Company may be given by email, and any reference to the Company giving or providing information or documents in writing includes doing so by email.

19.6 Effect on employee entitlements

Participation in the Plan does not affect an Employee's terms of employment or appointment with the Company. In particular, participation in the Plan does not detract from any right the Company may otherwise have to terminate or vary the terms and conditions of the employment or appointment of an Employee.

19.7 Participation in the Plan, or the issuing of any Awards, does not form part of the Employee's remuneration for the purposes of determining payments in lieu of notice of termination of employment, severance payments, leave entitlements, or any other compensation payable to an Employee upon the termination of their employment by the Company or by any related body corporate of the Company.

19.8 Governing law

These Rules are governed by and are to be construed in accordance with the laws of New Zealand.

## ANNEXURE C

### INFORMATION REQUIRED BY THE TAKEOVERS CODE (CLASS EXEMPTION) NOTICE (NO. 2) 2001 PURSUANT TO RESOLUTION 7 (SHARE BUYBACK)

*[Note that the percentages set out below may differ from the actual percentage of voting control obtained by RIM, due to increases in voting rights arising from other approved allotments (as otherwise described in this Notice of Meeting). Please read the assumptions carefully.]*

Disclosure Requirements	Compliance Information
Full particulars of the Share Buyback.	Full particulars of the Share Buyback are included in Section 8 of the Explanatory Statement accompanying this Notice of Meeting.
Name of the person who holds or controls voting securities and is relying on the Class Exemption.	Republic Investment Management Pte Limited
The maximum number of its own voting securities that the Company could acquire under the Share Buyback.	75,000,000 Shares
The percentage of all voting securities on issue that maximum number represents.	4.7%
The maximum percentage of all voting securities on issue that RIM could hold or control if the Company acquired the approved maximum number of voting securities.	20.87%
The maximum percentage of all voting securities on issue that RIM and RIM's Associates, excluding RIM's exempt associates, could hold or control, in aggregate, if the Company acquired the approved maximum number of voting securities.	20.87%
The maximum percentage of all voting securities on issue that RIM and all RIM's Associates could hold or control, in aggregate, if the Company acquired the approved maximum number of voting securities.	20.87%
The consideration for the Share Buyback, or the manner in which the consideration will be determined, and when it will be payable.	<p>The Company will pay the prevailing on-market price. The consideration will be payable in accordance with ASX's usual settlement processes.</p> <p>The timing and number of Shares bought back through the programme will be dependent on share price and market conditions.</p>
The reasons for the Share Buyback.	The Company wishes to establish a Share Buyback programme. The reasons are more fully set out in Section 8 of the Explanatory Statement.
A statement to the effect that the increase in RIM's voting control that would result from the Share Buyback would, if approved, be permitted as an exception to rule 6(1) of the Takeovers Code in reliance on the buyback	See section titled "Takeovers Code Requirements" in Section 8 of the Explanatory Statement accompanying this Notice of Meeting.

Disclosure Requirements	Compliance Information
exemption in clause 4 of the Class Exemption.	
A report from an independent adviser compliant with rule 18 of the Takeovers Code.	An independent adviser's report prepared by Simmons Corporate Finance accompanies this Notice of Meeting at Annexure F.
A statement by the directors of the Company, in relation to the Share Buyback, that complies with rule 19 of the Takeovers Code.	See section titled " <i>Directors' Recommendation</i> " in Section 8 of the Explanatory Statement accompanying this Notice of Meeting.
An explanation of the assumptions on which the particulars referred to above are based on.	The information contained in this table is subject to the following assumptions: <ul style="list-style-type: none"> <li>• that the number of voting securities in the Company is the number on issue on the calculation date;</li> <li>• that there is no change to the total number of voting securities on issue between the calculation date and the end of the Share Buyback period other than as a result of the Share Buyback</li> <li>• that neither RIM nor its Associates participate in the Share Buyback; and</li> <li>• that the Company acquires the approved maximum number of its own voting securities.</li> </ul>
The calculation date.	The calculation date (being the date used for determining the assumptions set out above) is 24 October 2018.

**INFORMATION REQUIRED BY RULE 7(D) OF THE TAKEOVERS CODE PURSUANT TO RESOLUTION 7 (2016 NOTES)**

Disclosure Requirements	Compliance Information
The identity of the allottee and, if different from the allottee, the identity of any person who will become a controller of an increased percentage of voting securities in the code company as a result of the allotment or allotments.	Republic Investment Management Pte Limited
<b>Particulars of voting securities:</b>	
(a) The maximum number of voting securities that could be allotted to the allottee.	84,409,091
(b) The percentage of the aggregate of all existing voting securities and all voting securities that could be allotted that the approved maximum number represents.	5%

Disclosure Requirements	Compliance Information
(c) The maximum percentage of all voting securities that could be held or controlled by the allottee after completion of the allotment or allotments.	23.9%
(d) The maximum aggregate of the percentages of all voting securities that could be held or controlled by the allottee and the allottee's Associates after completion of the allotment or allotments (not including voting securities of any of the allottee's Associates who are also relying on rule 7(d) in relation to the allotment or allotments (the <b>relying associates</b> )).	23.9%
(e) If there are relying associates, the maximum aggregate of the percentages of all voting securities that could be held or controlled by the allottee and the allottee's Associates after completion of the allotment or allotments.	Not applicable.
(f) The date used to determine the information referred to in above (the <b>calculation date</b> ).	24 October 2018
The assumptions on which the particulars above are calculated:	<p>The information contained in this table is subject to the following assumptions:</p> <ul style="list-style-type: none"> <li>• that the number of voting securities is the number of voting securities on issue on the calculation date;</li> <li>• that there is no change in the total number of voting securities on issue between the calculation date and the end of the allotment period, other than as a result of the allotment or allotments to RIM upon conversion of its 2016 Notes;</li> <li>• that, in relation to paragraphs (a) to (c), the allottee is allotted the approved maximum number under the allotment or allotments (i.e. converts all of its 2016 Notes); and</li> <li>• that, in relation to paragraph (d), the allottee and each of the allottee's Associates (not including the relying associates) are allotted the maximum number of voting securities (ie converts all of their 2016 Notes).</li> </ul>
Certain information if the voting securities being allotted are voting securities of a body corporate other than the code company.	Not applicable.
The issue price for the voting securities to be allotted and when it is payable.	<p>The 2016 Notes were issued for A\$1,000 per note, which was payable upon issue (22 July 2016).</p> <p>In December 2017, the denomination</p>

Disclosure Requirements	Compliance Information
	<p>currency was changed to NZD, such that the face value was altered to NZ\$1,150.</p> <p>Interest is paid on the 2016 Notes at a rate of 8% per annum.</p> <p>Each 2016 Note converts into ordinary shares at a fixed conversion ratio, being the issue price (NZ\$1,150) divided by a fixed conversion price of NZ\$0.0253. No further funds are payable upon conversion.</p>
<p>The reasons for the allotment or allotments.</p>	<p>The 2016 Notes were issued to raise funds to enable its joint venture company (BT Mining Limited) to acquire certain mining assets from Solid Energy New Zealand Limited (then subject to deed of company arrangement), including Stockton and other Buller Plateau Mines and the North Island Mines of Maramarua and Rotowaro.</p> <p>The purpose of the allotment is to fulfil the Company's obligations under the terms of the 2016 Notes to convert them to Shares.</p>
<p>A statement to the effect that the allotment or allotments, if approved, will be permitted under rule 7(d) of the Takeovers Code as an exception to rule 6 of the Takeovers Code.</p>	<p>See section titled "2016 Notes" in Section 8 of the Explanatory Statement accompanying this Notice of Meeting.</p>
<p>A statement by the allottee setting out particulars of any agreement or arrangement (whether legally enforceable or not) that has been, or is intended to be, entered into between the allottee and any other person (other than between the allottee and the code company in respect of the matters referred to in paragraphs (a) to (e) of rule 16) relating to the allotment or allotments, holding, or control of the voting securities to be allotted, or to the exercise of voting rights in the code company.</p>	<p>RIM has confirmed that there is no agreement or arrangement (whether legally enforceable or not) that has been, or is intended to be, entered into between RIM and any other person (other than between RIM and the Company in respect of the conversion of the 2016 Notes as described in this table above) relating to the allotments, holding, or control of the shares to be allotted, or to the exercise of voting rights in the Company.</p>
<p>A report from an independent adviser compliant with rule 18 of the Takeovers Code.</p>	<p>An independent adviser's report prepared by Simmons Corporate Finance accompanies this Notice of Meeting at Annexure F.</p>
<p>A statement by the directors of the Company that complies with rule 19 of the Takeovers Code.</p>	<p>See section titled "Directors' Recommendation" in Section 8 of the Explanatory Statement accompanying this Notice of Meeting.</p>
<p>Other means increase</p>	<p>Refer "other means increase" information in Annexure D.</p>



## ANNEXURE D

### INFORMATION REQUIRED BY RULE 7(D) OF THE TAKEOVERS CODE PURSUANT TO RESOLUTION 8

*[Note that the percentages set out below may differ from the actual percentage of voting control obtained by RIM, due to increases in voting rights arising from other approved allotments (as otherwise described in this Notice of Meeting). Please read the assumptions carefully.]*

Disclosure Requirements	Compliance Information
The identity of the allottee and, if different from the allottee, the identity of any person who will become a controller of an increased percentage of voting securities in the code company as a result of the allotment or allotments.	Republic Investment Management Pte Limited
<b>Particulars of voting securities:</b>	
(a) The maximum number of voting securities that could be allotted to the allottee.	13,333,333
(b) The percentage of the aggregate of all existing voting securities and all voting securities that could be allotted that the approved maximum number represents.	0.8%
(c) The maximum percentage of all voting securities that could be held or controlled by the allottee after completion of the allotment or allotments.	20.55%
(d) The maximum aggregate of the percentages of all voting securities that could be held or controlled by the allottee and the allottee's Associates after completion of the allotment or allotments (not including voting securities of any of the allottee's Associates who are also relying on rule 7(d) in relation to the allotment or allotments (the <b>relying associates</b> )).	20.55%
(e) If there are relying associates, the maximum aggregate of the percentages of all voting securities that could be held or controlled by the allottee and the allottee's Associates after completion of the allotment or allotments.	Not applicable.
(f) The date used to determine the information referred to in above (the <b>calculation date</b> ).	24 October 2018
The assumptions on which the particulars above are calculated:	<p>The information contained in this table is subject to the following assumptions:</p> <ul style="list-style-type: none"> <li>• that the number of voting securities is the number of voting securities on issue on the calculation date;</li> <li>• that there is no change in the total number of voting securities on issue between the calculation date and the end of the allotment period, other than as a result of the allotment or allotments to RIM upon conversion of</li> </ul>

Disclosure Requirements	Compliance Information
	<p>its 2017 Notes;</p> <ul style="list-style-type: none"> <li>• that, in relation to paragraphs (a) to (c), the allottee is allotted the approved maximum number under the allotment or allotments (i.e. converts all of its 2017 Notes);</li> <li>• that, in relation to paragraph (d), the allottee and each of the allottee's Associates (not including the relying associates) are allotted the maximum number of voting securities (ie converts all of their 2017 Notes).</li> </ul>
<p>Certain information if the voting securities being allotted are voting securities of a body corporate other than the code company.</p>	<p>Not applicable.</p>
<p>The issue price for the voting securities to be allotted and when it is payable.</p>	<p>The 2017 Notes were issued for A\$1,000 per note, which was payable upon issue (1 February 2017).</p> <p>In December 2017, the denomination currency was changed to NZD, such that the face value was altered to NZ\$1,150.</p> <p>Interest is paid on the 2017 Notes at a rate of 8% per annum.</p> <p>Each 2017 Note converts into ordinary shares at a fixed conversion ratio, being the issue price (NZ\$1,150) divided by a fixed conversion price of NZ\$0.043125. No further funds are payable upon conversion.</p>
<p>The reasons for the allotment or allotments.</p>	<p>The 2017 Notes were issued to raise funds to enable its joint venture company (BT Mining Limited) to acquire certain mining assets from Solid Energy New Zealand Limited (then subject to deed of company arrangement), including Stockton and other Buller Plateau Mines and the North Island Mines of Maramarua and Rotowaro.</p> <p>The purpose of the allotment is to fulfil the Company's obligations under the terms of the 2017 Notes to convert them to Shares.</p>
<p>A statement to the effect that the allotment or allotments, if approved, will be permitted under rule 7(d) of the Takeovers Code as an exception to rule 6 of the Takeovers Code.</p>	<p>See section titled "<i>Takeovers Code Requirements</i>" in Section 9 of the Explanatory Statement accompanying this Notice of Meeting.</p>
<p>A statement by the allottee setting out particulars of any agreement or arrangement (whether legally enforceable or not) that has been, or is intended to be, entered into</p>	<p>RIM has confirmed that there is no agreement or arrangement (whether legally enforceable or not) that has been,</p>

Disclosure Requirements	Compliance Information
between the allottee and any other person (other than between the allottee and the code company in respect of the matters referred to in paragraphs (a) to (e) of rule 16) relating to the allotment or allotments, holding, or control of the voting securities to be allotted, or to the exercise of voting rights in the code company.	or is intended to be, entered into between RIM and any other person (other than between RIM and the Company in respect of the conversion of the 2017 Notes as described in this table above) relating to the allotments, holding, or control of the shares to be allotted, or to the exercise of voting rights in the Company.
A report from an independent adviser compliant with rule 18 of the Takeovers Code.	An independent adviser's report prepared by Simmons Corporate Finance accompanies this Notice of Meeting at Annexure F.
A statement by the directors of the Company that complies with rule 19 of the Takeovers Code.	See section titled " <i>Directors' Recommendation</i> " in Section 9 of the Explanatory Statement accompanying this Notice of Meeting.
<p><b>Other means increase:</b></p> <p>For the purpose of clause 9 of Schedule 1 of the Class Exemption, the following information is also included in respect of the proposed allotment:</p>	
(a) A summary of the terms of the Share Buyback	Refer Annexure C and Section 8 of the Explanatory Statement accompanying this Notice of Meeting.
(b) As at the date of this Notice of Meeting:	
(i) The number of voting securities on issue acquired by the Company under the Share Buyback	2,143,418
(ii) The number of voting securities on issue that are held or controlled by RIM, and the percentage of all voting securities on issue that that number represents	317,414,951 19.92 %
(iii) The percentage of all voting securities on issue that are held or controlled, in aggregate, by RIM and RIM's Associates	19.92 %
(iv) The maximum percentage of all voting securities on issue that could be held or controlled by RIM if the Company acquires the approved maximum number of voting securities under the Share Buyback	20.55%
(v) The maximum percentage of all voting securities on issue that could be held or controlled by RIM and RIM's Associates if the Company acquires the approved maximum number of voting securities under the Share Buyback	20.55%
(vi) The maximum percentage of all voting securities on issue that could be held or controlled by RIM after the issue of shares upon conversion of the 2016 Notes, the conversion of the 2017 Notes	25.65%

Disclosure Requirements	Compliance Information
and the completion of the Share Buyback	
(vii) The maximum percentage of all voting securities on issue that could be held or controlled by RIM and RIM's Associates after the issue of shares upon conversion of the 2016 Notes, the conversion of the 2017 Notes and the completion of the Share Buyback	25.65%
(c) The assumptions on which the particulars above are calculated	<p>The information regarding the "other means increase" above, is subject to the following assumptions:</p> <ul style="list-style-type: none"> <li>• for paragraphs (iv) and (v), the assumptions as set out in the first table at Annexure C;</li> <li>• for paragraphs (vi) and (vii), that RIM has converted all of its 2016 Notes and 2017 Notes, the Share Buyback is complete (and neither RIM nor its Associates participated) and there are no other changes to the total number of voting securities on issue as at the date of this notice.</li> </ul>

## ANNEXURE E

### INFORMATION REQUIRED BY RULE 19B(4)(c) OF THE TAKEOVERS CODE IN RESPECT OF 2016 NOTES

Disclosure Requirements	Compliance Information
A summary of the terms of the approved allotment package	See section titled “2016 Notes” in Section 8 of the Explanatory Statement accompanying this Notice of Meeting.
As at the date of this Notice of Meeting:	
<ul style="list-style-type: none"> <li>The number of voting securities already allotted to the allottee under the approved allotment package</li> </ul>	13,318,182
<ul style="list-style-type: none"> <li>The number of voting securities on issue that are held or controlled by the allottee, and the percentage of all voting securities that that number represents</li> </ul>	317,414,951 19.92%
<ul style="list-style-type: none"> <li>The aggregate of the percentages of all voting securities that are held or controlled by the allottee and the allottee’s Associates</li> </ul>	19.92%
<ul style="list-style-type: none"> <li>The maximum percentage of all voting securities that could be held or controlled by the allottee after the completion of both the approved allotment package and the proposed increase 2017 Notes</li> </ul>	25.65%
<ul style="list-style-type: none"> <li>The maximum percentage of all voting securities that could be held or controlled by the allottee and the allottee’s Associates after the completion of both the approved allotment package and the proposed increase 2017 Notes</li> </ul>	25.65%
<ul style="list-style-type: none"> <li>The assumptions on which the above particulars are based:</li> </ul>	<p>The information contained in this table is subject to the following assumptions (with the calculation date being the date of this Notice of Meeting):</p> <ul style="list-style-type: none"> <li>that there is no change in the total number of voting securities on issue between the calculation date and the end of the allotment period, other than as a result of the allotment or allotments to RIM upon conversion of its 2017 Notes, and 2016 Notes (but not those held by others) and the Share Buyback;</li> <li>all 2017 Notes and 2016 Notes on issue as at the calculation date as held by RIM are converted but the other holders do not elect to convert their 2017 Notes or 2016 Notes;</li> <li>neither RIM nor its Associates</li> </ul>

Disclosure Requirements	Compliance Information
	<p>participate in the Share Buyback; and</p> <ul style="list-style-type: none"> <li>• the Company acquires the approved maximum number of its own voting securities pursuant to the Share Buyback.</li> </ul>

**ANNEXURE F**

**INDEPENDENT ADVISER'S REPORT – SIMMONS CORPORATE FINANCE**

# **Bathurst Resources Limited**

## **Independent Adviser's Report**

### **In Respect of the Share Buyback and the Proposed Allotments of Shares to Republic Investment Management Pte Limited**

*November 2018*

#### **Statement of Independence**

Simmons Corporate Finance Limited confirms that it:

- has no conflict of interest that could affect its ability to provide an unbiased report; and
- has no direct or indirect pecuniary or other interest in the proposed transactions considered in the report, including any success or contingency fee or remuneration, other than to receive the cash fee for providing this report.

Simmons Corporate Finance Limited has satisfied the Takeovers Panel, on the basis of the material provided to the Panel, that it is independent under the Takeovers Code for the purposes of preparing this report.

## Index

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## 1. Introduction

### 1.1 Background

Bathurst Resources Limited (**Bathurst** or the **Company**) engages in the exploration and development of coal mining assets and the production of coal in New Zealand. It is New Zealand's largest coal producer.

The Company was incorporated in New Zealand and its shares are listed on the Australian Securities Exchange (the **ASX**).

Bathurst's market capitalisation as at 6 November 2018 was A\$199 million (NZ\$217 million at the current exchange rate of NZ\$1 = A\$0.92) and its audited total equity was NZ\$70 million as at 30 June 2018.

A profile of the Company is set out in section 4.

### 1.2 Share Buyback

Bathurst announced on 28 August 2018 that it will undertake an on-market buyback of up to 75,000,000 shares (representing 4.70% of its ordinary shares on issue) over the 12 month period from that date (the **Share Buyback**).

Based on the Company's average share price at the date of the announcement, Bathurst estimated that the Share Buyback would return up to A\$11.25 million to shareholders.

The Share Buyback commenced on 25 October 2018.

### 1.3 Convertible Notes

Bathurst issued 2 tranches of convertible notes (**CNs**) on 22 July 2016 (the **2016 CNs**) and 1 February 2017 (the **2017 CNs**) to fund the acquisition of certain mines and associated assets from Solid Energy New Zealand Limited (in Liquidation) (**Solid Energy**).

Bathurst formed a joint venture with Talley's Energy Limited called BT Mining Limited (**BT Mining**) to acquire the Solid Energy mines and associated assets. Bathurst holds 65% of the equity in BT Mining. The acquisition was completed on 31 August 2017.

The current terms of the CNs are set out below.

CNs Tranches						
Tranche	Face Value Per CN	Issue Date	Maturity Date	Coupon Rate	Conversion Issue Price <sup>1</sup>	No. of Shares Per CN
2016 CNs	NZ\$1,150	22 Jul 2016	22 Jul 2019	8.0%	NZ\$0.0253	45,454.55
2017 CNs	NZ\$1,150	1 Feb 2017	1 Feb 2021	8.0%	NZ\$0.043125	26,666.67

<sup>1</sup> Issue price of one ordinary share upon conversion of the CN

Source: Bathurst

The CNs can be converted into ordinary shares at the election of the holder at any time until 10 days prior to maturity date.

A modification to the terms of the CNs, effective 31 December 2017, amended the denomination currency of the CNs from A\$ to NZ\$:

- the 2016 CNs face value was changed from A\$1,000 to NZ\$1,150 and the conversion issue price was changed from A\$0.022 to NZ\$0.0253 and
- the 2017 CNs face value was changed from A\$1,000 to NZ\$1,150 and the conversion issue price was changed from A\$0.0375 to NZ\$0.043125.

#### 1.4 RIM Allotments

Republic Investment Management Pte Limited (**RIM**) is Bathurst's largest shareholder, holding 317,414,951 ordinary shares. This represented 19.89% of the Company's ordinary shares on issue prior to the commencement of the Share Buyback on 25 October 2018.

RIM is a registered investment advisory firm located in Singapore. It has been registered with the Monetary Authority of Singapore as an exempt fund management company since 2004. RIM engages in global investing encompassing all asset classes, including equities, bonds, currencies, precious metals, commodities and alternative investments. It focuses primarily on private wealth management and manages Asian and commodities-related absolute return portfolios.

RIM currently holds 1,857 2016 CNs and 500 2017 CNs. These CNs can be converted into a total of 97,742,424 ordinary shares:

- the 1,857 2016 CNs convert into 84,409,091 ordinary shares (the **2016 CNs Conversion**)
- the 500 2017 CNs convert into 13,333,333 ordinary shares (the **2017 CNs Conversion**).

We refer to the 2016 CNs Conversion and the 2017 CNs Conversion collectively as the **RIM Allotments**.

#### 1.5 2016 Approval

At the special meeting of shareholders on 23 June 2016, the Company's shareholders approved the issue of up to 193,181,818 ordinary shares to RIM and up to 90,909,091 ordinary shares to other professional investors upon the conversion of the 2016 CNs (the **2016 Approval**).

On 22 July 2016, RIM was issued with 2,150 2016 CNs, of which 293 have subsequently converted to shares.

In the absence of the Share Buyback, under the 2016 Approval, RIM would be able to convert the remaining 1,857 2016 CNs that it holds into 84,409,091 ordinary shares without the need for any further shareholder approval. This would result in RIM holding 23.91% of the Company's shares.

However, RIM cannot convert its 500 2017 CNs into ordinary shares without shareholder approval in accordance with the provisions of the Takeovers Code (the **Code**).

Furthermore, given that the Share Buyback has already commenced, the provisions of the Code require that Bathurst must once again seek shareholder approval of RIM converting its 1,857 2016 CNs into 84,409,091 ordinary shares (ie Bathurst is required to "refresh" the 2016 Approval).

## 1.6 Impact on Shareholding Levels

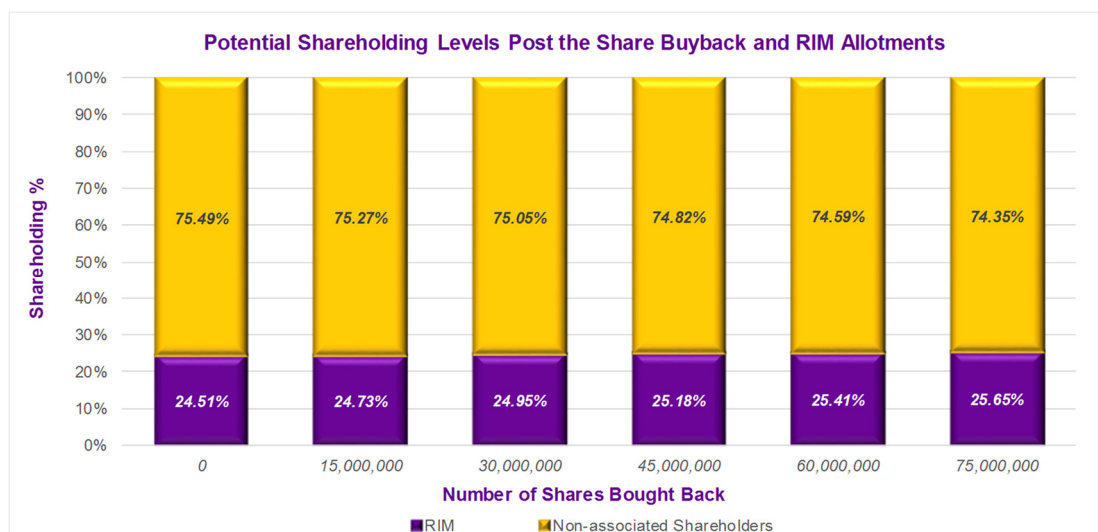
Following the Share Buyback and the RIM Allotments and assuming no other shares are issued:

- RIM will hold between 24.51% and 25.65% of the Company's ordinary shares on issue, depending on the number of shares bought back
- the Company's shareholders not associated with RIM (the **Non-associated Shareholders**) will collectively hold between 74.35% and 75.49%, depending on the number of shares bought back.

Impact on Shareholding Levels					
	RIM		Non-associated Shareholders		Total
	No. of Shares	%	No. of Shares	%	No. of Shares
Current	317,414,951	19.89%	1,278,537,504	80.11%	1,595,952,455
Share Buyback <sup>1</sup>	-	-	(75,000,000) <sup>1</sup>	100.00%	(75,000,000) <sup>1</sup>
Post the Share Buyback <sup>1</sup>	317,414,951	20.87%	1,203,537,504	79.13%	1,520,952,455
2016 CNs Conversion	84,409,091	100.00%	-	-	84,409,091
Post the Share Buyback <sup>1</sup> and 2016 CNs Conversion	401,824,042	25.03%	1,203,537,504	74.97%	1,605,361,546
2017 CNs Conversion	13,333,333	100.00%	-	-	13,333,333
Post the Share Buyback <sup>1</sup> and RIM Allotments	415,157,375	25.65%	1,203,537,504	74.35%	1,618,694,879
Current	317,414,951	19.89%	1,278,537,504	80.11%	1,595,952,455
Share Buyback <sup>2</sup>	-	-	- <sup>2</sup>	-	- <sup>2</sup>
2016 CNs Conversion	84,409,091	100.00%	-	-	84,409,091
Post the Share Buyback <sup>2</sup> and 2016 CNs Conversion	401,824,042	23.91%	1,278,537,504	76.09%	1,680,361,546
2017 CNs Conversion	13,333,333	100.00%	-	-	13,333,333
Post the Share Buyback <sup>2</sup> and RIM Allotments	415,157,375	24.51%	1,278,537,504	75.49%	1,693,694,879

<sup>1</sup> Assumes the maximum 75,000,000 shares are bought back  
<sup>2</sup> Assumes no shares are bought back

The graph below shows the range of shareholding levels for RIM and the Non-associated Shareholders, depending on the number of shares that the Company buys back under the Share Buyback.



## 1.7 Summary of Opinion

### *Share Buyback and 2016 CNs Conversion*

Our evaluation of the merits of the Share Buyback and the 2016 CNs Conversion as required under the Code is set out in section 2.

In our opinion, after having regard to all relevant factors, the positive aspects of the Share Buyback and the 2016 CNs Conversion outweigh the negative aspects from the perspective of the Non-associated Shareholders.

### *2017 CNs Conversion*

Our evaluation of the merits of the 2017 CNs Conversion as required under the Code is set out in section 3.

In our opinion, after having regard to all relevant factors, the positive aspects of the 2017 CNs Conversion outweigh the negative aspects from the perspective of the Non-associated Shareholders.

## 1.8 Annual General Meeting

Bathurst is holding its annual general meeting of shareholders on 28 November 2018, where the Company will seek shareholder approval of 2 resolutions which cover:

- the Share Buyback and the 2016 CNs Conversion (resolution 7 – the **Buyback Resolution**)
- the 2017 CNs Conversion (resolution 8 – the **Conversion Resolution**).

Both resolutions are ordinary resolutions (which are passed by a simple majority of the votes cast).

RIM and its associates are not permitted to vote on the Buyback Resolution or the Conversion Resolution.

Shareholders will also vote on resolutions in respect of:

- the re-election of Russell Middleton as a director (resolution 1)
- the re-appointment and remuneration of the Company's auditor (resolution 2)
- the issue of 1,055,000 performance rights to Richard Tacon (resolution 3)
- the issue of 1,000,000 performance rights to Russell Middleton (resolution 4)
- the issue of 250,000 performance rights to Toko Kapea (resolution 5)
- the issue of 250,000 performance rights to Peter Westerhuis (resolution 6)
- the replacement of the Company's constitution (resolution 9)
- the adoption of a new long term incentive plan (resolution 10)
- the issue of 2,954,545 performance rights to Richard Tacon (resolution 11)
- the issue of 1,636,364 performance rights to Russell Middleton (resolution 12).

## 1.9 Regulatory Requirements

As Bathurst is incorporated in New Zealand and has 50 or more shareholders, it is deemed to be a code company under the Code.

Rule 6 of the Code prohibits:

- a person and that person's associates who hold or control no voting rights or less than 20% of the voting rights in a code company from increasing their holding or control of voting rights beyond 20%
- a person and that person's associates holding or controlling 20% or more of the voting rights in a code company from increasing their holding or control of voting rights

unless the person and that person's associates comply with exceptions to this fundamental rule.

### *Share Buyback and 2016 CNs Conversion*

When a company buys back and cancels its shares, the percentage holding of any shareholder that does not participate in the buyback will increase. Consequently, if a company with a shareholder holding or controlling in excess of 20% of the voting rights (or a shareholder holding or controlling near to 20% of the voting rights) wishes to undertake a share buyback, the shareholder needs to rely upon an exemption to the Code.

The Takeovers Code (Class Exemptions) Notice (No 2) 2001 (the **Buyback Exemptions**) sets out a general exemption for share buybacks.

Clause 4 of the Buyback Exemptions provides an exemption for a shareholder holding or controlling (alone or with their associates):

- less than 20% of the voting rights in a code company to increase its holding or control of voting rights beyond 20%
- 20% or more of the voting rights in a code company to increase its holding or control of voting rights

via a share buyback, provided the buyback has been approved by an ordinary resolution of shareholders (excluding shareholders who will rely on clause 4 of the Buyback Exemptions (and their associates)).

Clause 5 of the Buyback Exemptions provides an exemption that does not require shareholder approval, provided the shareholder reduces its percentage holding to pre-buyback levels within 6 months.

As set out in section 1.6, the Share Buyback may result in RIM increasing its control of voting rights in the Company from 19.89% to 20.87% if it does not participate in the Share Buyback and the maximum 75,000,000 shares are bought back (before the RIM Allotments).

We understand that RIM has not provided any indication to Bathurst as to whether it plans to participate in the Share Buyback.

Accordingly, the Non-associated Shareholders will vote at the Company's annual general meeting on the Buyback Resolution.

In order to comply with the provisions of the Code, the Buyback Resolution also includes a "refresh" of the 2016 Approval.

In accordance with Clause 2(2) of Schedule 1 of the Buyback Exemptions, RIM and its associates are not permitted to vote on the Buyback Resolution.

Clause 3(g) of Schedule 1 of the Buyback Exemptions requires that the notice of meeting containing the resolution in respect of the Share Buyback must include or be accompanied by an Independent Adviser's Report that complies with Rule 18 of the Code as if:

- references in that rule to an acquisition under Rule 7(c) of the Code were references to the buyback by the code company made in accordance with the buyback exemption and
- the references to a notice of meeting were references to the notice of meeting referred to in this clause.

### **2017 CNs Conversion**

Another one of the exceptions, set out in Rule 7(d) of the Code, enables a person and its associates to increase their holding or control of voting rights by an allotment of shares if the allotment is approved by an ordinary resolution of the code company.

The 2017 CNs Conversion will result in RIM holding or controlling between 24.51% and 25.65% of the voting rights in Bathurst (assuming the Buyback Resolution is approved and depending on the number of shares bought back by the Company under the Share Buyback).

Accordingly, in accordance with the Code, the Non-associated Shareholders will vote at the Company's annual general meeting on the Conversion Resolution.

RIM and its associates are not permitted to vote on the Conversion Resolution.

Rule 18 of the Code requires the directors of a code company to obtain an Independent Adviser's Report on the merits of an allotment under Rule 7(d).

This Independent Adviser's Report is to be included in, or accompany, the notice of meeting pursuant to Rule 16(h).

## **1.10 Purpose of the Report**

The Bathurst board of directors (the **Board**) has engaged Simmons Corporate Finance Limited (**Simmons Corporate Finance**) to prepare an Independent Adviser's Report on the merits of:

- the Share Buyback and of RIM retaining any increase in its voting rights in the Company
- the allotment of shares under the RIM Allotments.

Simmons Corporate Finance was approved by the Takeovers Panel on 26 September 2018 to prepare this Independent Adviser's Report.

Simmons Corporate Finance issues this Independent Adviser's Report to the Board for the benefit of the Non-associated Shareholders and to assist them in forming their own opinion on voting on the Buyback Resolution and the Conversion Resolution.

We note that each shareholder's circumstances and objectives are unique. Accordingly, it is not possible to report on the merits of the Share Buyback and of RIM retaining any increase in its voting rights and on the RIM Allotments in relation to each shareholder. Our advice and opinions are necessarily general in nature.

This Independent Adviser's Report is not to be used for any other purpose without our prior written consent.

### **1.11 Currency References**

Current references in this report are to:

- A\$ - Australian dollars
- NZ\$ - New Zealand dollars.

## 2. Evaluation of the Merits of the Share Buyback and the 2016 CNs Conversion

### 2.1 Basis of Evaluation

Clause 3(g) of Schedule 1 of the Buyback Exemptions requires an evaluation of the merits of the Share Buyback and of RIM retaining any increase in its voting rights in the Company, having regard to the interests of the Non-associated Shareholders.

Rule 18 of the Code requires an evaluation of the merits of the allotment of shares to RIM under the 2016 CNs Conversion having regard to the interests of the Non-associated Shareholders.

There is no legal definition of the term *merits* in either the Code or in any statute dealing with securities or commercial law in New Zealand.

In the absence of an explicit definition of *merits*, guidance can be taken from:

- the Takeovers Panel *Guidance Note on Independent Advisers and the Takeovers Code* dated 1 March 2018
- definitions designed to address similar issues within New Zealand regulations which are relevant to the proposed transaction
- overseas precedents
- the ordinary meaning of the term *merits*.

We are of the view that an assessment of the merits of the Share Buyback and of RIM retaining any increase in its voting rights in the Company and the merits of the 2016 CNs Conversion should focus on:

- the rationale for the Share Buyback
- the terms and conditions of the Share Buyback
- the financial impact of the Share Buyback
- the rationale for the 2016 CNs Conversion
- the impact of the Share Buyback and the 2016 CNs Conversion on the control of the Company
- the impact of the Share Buyback and the 2016 CNs Conversion on Bathurst's share price
- the benefits and disadvantages to the Non-associated Shareholders of the Share Buyback and the 2016 CNs Conversion
- the implications if the Buyback Resolution is not approved.

Our opinion should be considered as a whole. Selecting portions of the evaluation without considering all the factors and analyses together could create a misleading view of the process underlying the opinion.



## 2.2 Summary of the Evaluation of the Merits of the Share Buyback and the 2016 CNs Conversion

**In our opinion, after having regard to all relevant factors, the positive aspects of the Share Buyback outweigh the negative aspects of RIM retaining any increase in their respective voting rights as a result of the Share Buyback from the perspective of the Non-associated Shareholders.**

**The 2016 CNs Conversion merely represents a “refresh” of the 2016 Approval so as to ensure compliance with the provisions of the Code due to the implementation of the Share Buyback.**

Our evaluation of the merits is set out in detail in sections 2.3 to 2.10.

In summary, the key factors leading to our opinion are:

- the rationale for the Share Buyback is sound
- the terms of the Share Buyback are reasonable. The Share Buyback is open to all shareholders and shares will be purchased on-market at the prevailing market price
- the financial impact of the Share Buyback is relatively minor. Based on a current share price of A\$0.113, total equity will reduce by approximately NZ\$9.2 million if the maximum 75,000,000 shares are bought back, with a corresponding decrease in cash. Earnings per share (**EPS**) would increase by 4% but net tangible assets (**NTA**) per share would decrease by 17%
- the rationale for the approval of the 2016 CNs Conversion is to “refresh” the 2016 Approval to ensure compliance with the provisions of the Code
- the Share Buyback will not increase RIM's ability to influence the outcome of shareholder voting to any significant degree. At most, its voting rights will increase by 0.98% prior to the RIM Allotments. At most, RIM's voting rights will increase by 5.76% after the RIM Allotments
- the Share Buyback should provide support for Bathurst's share price over the period of the Share Buyback
- the Share Buyback will improve the liquidity of the shares held by Non-associated Shareholders over the period of the Share Buyback
- the Share Buyback and the 2016 CNs Conversion is unlikely to reduce the attraction of Bathurst as a takeover target
- in the event of the Buyback Resolution not being approved, the Share Buyback will still proceed. The 2016 Approval would remain valid and RIM will still be entitled to convert its 2016 CNs into shares. However, if, as a result of the 2016 CNs Conversion and any buybacks under the Share Buyback, RIM's control of voting rights exceeds 20%, RIM will have to dispose of a certain number of its additional voting rights within 6 months of such increase in accordance with Clause 5 of the Buyback Exemptions.

## 2.3 Rationale for the Share Buyback

### *Board's Rationale*

The Board's key reasons for the Share Buyback are:

- the Company is in a strong financial position with minimal debt and significant cash, complemented by strong cash flows from its operations
- the Company has sufficient funds to meet its ongoing commitments and complete the Share Buyback
- the Share Buyback should be accretive in overall value.

### *Finance Theory*

The benefits of share buybacks have long been the focus of academic research and practitioners' debate. It is generally accepted that share buybacks can affect value as follows:

- by supporting the share price
- by being an efficient use of capital
- by creating a more efficient capital structure.

In reality however, the impacts can be difficult to quantify.

### *Supporting the Share Price*

There is some evidence to suggest that a share buyback has a signalling effect to the market. A share buyback could indicate to the market that a company's management is so confident of the company's prospects that it believes the best investment the company can make is in its own shares. On the other hand, the announcement of a share buyback has in instances been deemed an admission that the company cannot identify any other value creating opportunities in which to invest its capital.

A share buyback can also act to support a company's share price by creating buy-side demand.

### *Efficient use of Capital*

Companies often undertake share buybacks when they are of the view that the market is undervaluing their shares, therefore buying back those shares at the market price is an efficient use of the company's capital.

### *Capital Structure*

The share buyback is effectively an exchange of equity for debt, thereby increasing a company's leverage. In finance theory, increasing leverage can provide several benefits, such as:

- interest payments on debt are tax deductible, which means that the after-tax cost of debt is generally below shareholders' expected return on equity, hence reducing the company's average cost of capital
- debt supposedly serves as a discipline for a company's managers. Unlike equity, the need to pay cash to bondholders and banks prevents managers from investing in projects that earn returns below the company's cost of capital.

## Conclusion

Having considered all of the above, we are of the view that the rationale for the Share Buyback is sound.

## 2.4 Terms of the Share Buyback

The key terms of the Share Buyback are:

- the Company proposes to acquire up to 75,000,000 shares
- purchases may be made in the 12 month period from 28 August 2018
- the Company will pay the market price for the shares at the time of the purchase
- the Company intends to cancel any shares acquired under the Share Buyback (or the shares may be held as treasury stock).

The Share Buyback commenced on 25 October 2018.

We consider the terms of the Share Buyback to be reasonable:

- all shareholders may participate in the Share Buyback, but are not obliged to do so
- the buyback price is the current market price.

## 2.5 Financial Impact of the Share Buyback

A summary of Bathurst's recent financial performance and financial position is set out in sections 4.6 and 4.7.

The illustrative financial impact of the Share Buyback on the Company's financial results for the year ended 30 June 2018 is set out below, based on the following assumptions:

- Bathurst repurchases the maximum 75,000,000 shares at a price of A\$0.113 per share, being the one month volume weighted average share price (**VWAP**) to 6 November 2018 at a total cost of A\$8.5 million (NZ\$9.2 million)
- the Share Buyback is funded by cash
- the buy back effectively occurred on 1 July 2017, so that Bathurst had less cash for the full year ended 30 June 2018
- an interest rate of 1.0% on the cash, resulting in reduced annual interest received of A\$0.61 million (NZ\$0.66 million) (post-tax).

Illustrative Financial Impact of the Share Buyback			
	Year to 30 Jun 18 (Audited)	Share Buyback	Illustrative Post Share Buyback
Net profit after tax (NZ\$000)	5,548	(66)	5,482
EPS <sup>1</sup> (NZ cents)	0.35		0.36
Total equity (NZ\$000)	70,446	(9,212)	61,234
NTA per share <sup>1</sup> (NZ cents)	2.72		2.25
Total equity / total assets	59%		56%

<sup>1</sup> Based on the current number of shares on issue

The illustrative analysis shows:

- EPS would increase by 4% to NZ\$0.0036
- NTA per share would reduce by 17% to NZ\$0.0225
- total equity / total assets would decrease from 59% to 56%.

## 2.6 Rationale for the 2016 CNs Conversion

As stated in section 1.5, the 2016 Approval enables RIM to convert its 1,857 2016 CNs that it holds into 84,409,091 ordinary shares.

However, due to technicalities in the operation of the Buyback Exemptions, even if the Share Buyback was approved for the purposes of the Clause 4 of the Buyback Exemptions, RIM would nevertheless be prohibited from increasing its control of voting rights above the maximum percentage increase attributable to the Share Buyback (being 20.87%) for the duration of the buyback period (i.e. until 24 October 2019). This is due to the fact that the 2016 Approval did not anticipate any increase in RIM's percentage shareholding arising as a result of the Share Buyback (and nor could it have possibly done, as the Share Buyback was not contemplated at the time of the 2016 Approval).

As a result, without shareholder approval of the Buyback Resolution, RIM will not be able to convert all of the 2016 CNs that it holds prior to their maturity.

The Buyback Resolution therefore includes a "refresh" of the 2016 Approval which will have the effect of approving an increase in RIM's percentage shareholding above 20.87% as a result of the 2016 CNs Conversion.

## 2.7 Impact on Control

### *Capital Structure and Shareholders*

Bathurst currently has 1,595,952,455 fully paid ordinary shares on issue held by 3,437 shareholders.

The names, number of shares and percentage holding of the 10 largest shareholders as at 28 September 2018 are set out in section 4.4.

### *Shareholder Voting*

Any shareholder that does not participate in the Share Buyback will see an increase in their respective percentage of votes held or controlled, even though they will not increase the actual number of shares they hold.

We understand that RIM has not provided any indication to the Company as to whether it will participate in the Share Buyback. Assuming it does not participate, the Share Buyback will result in RIM controlling between 19.89% and 20.87% of the voting rights in the Company, depending on the number of shares bought back and prior to the completion of the RIM Allotments. This represents an increase of, at most, 0.98% in RIM's control of voting rights.

RIM's current level of voting rights of 19.89% does not enable it to singlehandedly pass or block special resolutions (which require the approval of 75% of the votes cast by shareholders) or to pass or block ordinary resolutions (which require the approval of more than 50% of the votes cast by shareholders).

RIM's 19.89% shareholding is technically not sufficient to singlehandedly block a special resolution. However, in reality, it most likely will be in a listed company with more than 3,400 shareholders (as Bathurst currently has). This is because a number of shareholders in listed companies tend not to vote on resolutions and hence the relative weight of the 19.89% interest increases.

As set out in section 1.6, the combination of the Share Buyback and the RIM Allotments will increase RIM's control of voting rights from 19.89% to up to 25.65%, depending on the number of shares bought back under the Share Buyback. The potential increase of up to 5.76% in voting rights for RIM will reinforce RIM's ability to singlehandedly block special resolutions but will not have any significant impact on its ability to control the outcome of an ordinary resolution.

The ability for any shareholder to influence the outcome of voting on the Company's ordinary resolutions or special resolutions may be reduced by external factors such as the Company's constitution, the Code, the ASX Listing Rules and the Companies Act 1993.

Given the above, we are of the view that the Share Buyback and the RIM Allotments will not increase RIM's ability to exert shareholder control over Bathurst to any significant degree.

### ***Board of Directors***

As set out in section 4.3, the Company currently has 4 directors, none of whom are associates of RIM.

We are advised by the Board that RIM has not sought any Board representation and that no appointment to the Board by a person nominated by RIM will result from the Share Buyback or the RIM Allotments.

### ***Operations***

We are advised by the Board that RIM currently does not have any influence over the Company's operations and this is not expected to change following the Share Buyback or the RIM Allotments.

## **2.8 Impact on Share Price and Liquidity**

A summary of Bathurst's daily closing share price and monthly volume of shares traded from 4 January 2016 is set out in section 4.9.

The Share Buyback will be undertaken on-market at the current market price and therefore is likely to provide support for the Company's share price over the 12 month period of the Share Buyback.

The Share Buyback will have a positive impact on the liquidity of the shares held by the Non-associated Shareholders over the 12 month period of the Share Buyback as shareholders wishing to sell shares will be able to do so into the Share Buyback at the current market price.

## **2.9 Benefits and Disadvantages to Non-associated Shareholders**

### ***Key Benefits***

The key benefit of the Share Buyback to the Non-associated Shareholders is that it will provide buy-side demand for the Company's shares, thereby improving liquidity over the term of the Share Buyback.

### ***Main Disadvantage***

The main disadvantage is that the Share Buyback may increase RIM's voting rights from 19.89% to up to 20.87% (before the RIM Allotments) and up to 25.65% (following the RIM Allotments), thereby marginally increasing its ability to control the outcome of shareholder voting. However, we do not consider the increased level of control to be of any significance.

### ***Unlikely to Change the Likelihood of a Takeover Offer from RIM***

We are not aware of any intention on RIM's part to make a takeover offer. However, if RIM did have such intent, an increase in its voting rights from 19.89% to up to 20.87% (before the RIM Allotments) and up to 25.65% (following the RIM Allotments) is unlikely to change the likelihood of a takeover offer from it as the increase in its level of voting rights is not significant from a control perspective.

### ***Likelihood of Other Takeover Offers Does not Change***

We are of the view that the potential increase in RIM's voting rights arising from the Share Buyback and the RIM Allotments are unlikely to reduce the attraction of Bathurst as a takeover target to other parties.

### ***RIM Will Not be Able to Creep***

Rule 7(e) of the Code permits a shareholder who holds or controls more than 50% but less than 90% of the voting rights in a code company to increase their voting rights by a maximum of 5% over a 12 month period without the need for shareholder approval (the **Creep Provisions**). The Creep Provisions do not apply to that shareholder's associates.

Neither the Share Buyback nor will the RIM Allotments result in RIM being able to utilise the Creep Provisions. If the Company buys back the maximum 75,000,000 shares under the Share Buyback and RIM does not participate in the Share Buyback, RIM's maximum shareholding will be 20.87% (before the RIM Allotments) and 25.65% (following the RIM Allotments), which is well below the threshold for the utilisation of the Creep Provisions.

## **2.10 Implications of the Buyback Resolution not Being Approved**

We are advised by the Board that if the Buyback Resolution is not approved, then the Share Buyback will still proceed as it commenced on 25 October 2018.

If the Buyback Resolution is not approved, the 2016 Approval remains valid and RIM will still be entitled to convert its 2016 CNs into shares. However, if, as a result of the 2016 CNs Conversion and any shares bought back under the Share Buyback, RIM's control of voting rights exceeds 20%, RIM will have to dispose of a certain number of its additional voting rights within 6 months of such increase in accordance with Clause 5 of the Buyback Exemptions.

This would be potentially disadvantageous to Non-associated Shareholders as the forced sale of shares by RIM may place downward pressure on the Company's share price.

## **2.11 Voting For or Against the Buyback Resolution**

Voting for or against the Buyback Resolution is a matter for individual shareholders based on their own views as to value and future market conditions, risk profile and other factors. Shareholders will need to consider these consequences and consult their own professional adviser if appropriate.

### 3. Evaluation of the Merits of the 2017 CNs Conversion

#### 3.1 Basis of Evaluation

Rule 18 of the Code requires an evaluation of the merits of the allotment of shares to RIM under the 2017 CNs Conversion having regard to the interests of the Non-associated Shareholders.

We are of the view that an assessment of the merits of the allotment of shares to RIM under the 2017 CNs Conversion should focus on:

- the rationale for the 2017 CNs Conversion
- the impact of the RIM Allotments on Bathurst's financial position
- the impact of the RIM Allotments on the control of Bathurst
- the impact of the RIM Allotments on Bathurst's share price
- the benefits and disadvantages to the Non-associated Shareholders of the RIM Allotments
- the benefits and disadvantages to RIM of the RIM Allotments
- the implications if the Conversion Resolution is not approved.

Our opinion should be considered as a whole. Selecting portions of the evaluation without considering all the factors and analyses together could create a misleading view of the process underlying the opinion.

#### 3.2 Summary of the Evaluation of the Merits of the 2017 CNs Conversion

**In our opinion, after having regard to all relevant factors, the positive aspects of the 2017 CNs Conversion outweigh the negative aspects from the perspective of the Non-associated Shareholders.**

Our evaluation of the merits of the 2017 CNs Conversion is set out in detail in sections 3.3 to 3.11.

In summary, the positive aspects of the 2017 CNs Conversion are:

- the rationale for the 2017 CNs Conversion is sound:
  - it will allow RIM to convert the 2017 CNs that it holds. RIM already has shareholder approval to convert its 2016 CNs through the 2016 Approval (although this needs to be “refreshed” under the Buyback Resolution)
  - the 2017 CNs are deeply in-the-money as the conversion price is significantly lower than Bathurst's current share price
  - it will eliminate the need for the Company to outlay NZ\$575,000 of cash when RIM's 2017 CNs mature on 1 February 2021
- the RIM Allotments will have a small positive impact on the Company's financial position.

In summary, the negative aspects of the RIM Allotments are:

- RIM's level of voting rights will range from 24.51% to 25.65% following the RIM Allotments, depending on the number of shares bought back under the Share Buyback
- the dilutionary impact of the RIM Allotments on the Non-associated Shareholders will result in their current collective interests in the Company reducing by 6% (of which the vast majority (5%) is attributable to the 2016 CNs Conversion).

In our view, the RIM Allotments are unlikely to have any material impact on:

- the Company's share price in the near term
- the liquidity of the Company's shares in the near term
- the attraction of Bathurst as a takeover target.

The implications of the Conversion Resolution not being approved by the Non-associated Shareholders are that either:

- RIM will sell down a sufficient number of shares that it currently holds so that it can convert its 2017 CNs into ordinary shares and not breach the provisions of the Code. Assuming the Buyback Resolution is approved, this will necessitate the sale of 13,333,333 shares, which may place downwards pressure on the Company's share price, or
- Bathurst will need to outlay NZ\$575,000 of cash to repay the 2017 CNs when they mature on 1 February 2021 or
- RIM will sell the 2017 CNs to one or more non-associated parties, who may then elect to convert the 2017 CNs into shares.

There are a number of positive and negative features associated with the 2017 CNs Conversion. In our view, when the Non-associated Shareholders are evaluating the merits of the transaction, they need to carefully consider whether the negative aspects of the 2017 CNs Conversion, including the increased level of control that RIM will hold over Bathurst and the dilutionary impact, could justify voting against the Conversion Resolution with the outcome that RIM may look to sell up to 13,333,333 shares so it can convert its 2017 CNs or alternatively sell the 2017 CNs or the Company will need to outlay NZ\$575,000 of cash to repay RIM's 2017 CNs when they mature.

### **3.3 The Rationale for the 2017 CNs Conversion**

The purpose of the 2017 CNs Conversion is to enable RIM to convert the 500 2017 CNs that it holds into 13,333,333 new ordinary shares.

The 2017 CNs can be converted into ordinary shares at the election of the holder at any time until 10 days prior to maturity date.

Both the 2016 CNs and the 2017 CNs are deeply in-the-money as the respective conversion prices are significantly lower than Bathurst's current share price of A\$0.113:

- the 2016 CNs convert in ordinary shares at a conversion price of NZ\$0.0253 (a discount of 79% to the current share price)
- the 2017 CNs convert in ordinary shares at a conversion price of NZ\$0.043125 (a discount of 65% to the current share price).



If the Conversion Resolution is not approved, then either:

- Bathurst will need to pay NZ\$575,000 to RIM on 1 February 2021 when the 2017 CNs mature, or
- given that the 2017 CNs are deeply in-the-money, RIM may decide to sell a sufficient number of the shares that it currently holds and then convert its 2017 CNs into ordinary shares, ensuring that it does not breach the provisions of the Code. Assuming the Buyback Resolution is approved, this will require RIM to sell 13,333,333 shares so it can convert its 500 2017 CNs, or
- RIM may sell the 2017 CNs to one or more non-associated parties, who may then elect to convert the 2017 CNs into shares.

### 3.4 Impact on Financial Position

A summary of Bathurst's recent financial position is set out in section 4.7.

Bathurst's total equity as at 30 June 2018 was NZ\$70.4 million. This included NZ\$43.8 million attributable to the equity component of the CNs.

For illustrative purposes, if the RIM Allotments were to have occurred on 30 June 2018, Bathurst's total equity would increase by 4% to NZ\$73.1 million and equity per share would decrease by 2% to NZ\$0.0432 per share.

Illustrative Effect of the RIM Allotments on Bathurst's Financial Position			
	Equity (NZ\$000)	No. of Shares (000)	Equity / Share (NZ cents)
Total equity as at 30 June 2018	70,446	1,595,952 <sup>1</sup>	4.41
RIM Allotments	2,656	97,742	2.72
Post the RIM Allotments	<u>73,102</u>	<u>1,693,694</u>	<u>4.32</u>

<sup>1</sup> Based on the current number of shares on issue and before the Share Buyback

### 3.5 Impact on Control

Following the Share Buyback and the RIM Allotments, RIM will hold between 24.51% and 25.65% of the Company's shares and the Non-associated Shareholders will collectively hold between 74.35% and 75.49%, depending on how many shares are bought back under the Share Buyback.

As discussed in section 2.7, we are of the view that the RIM Allotments:

- will marginally increase RIM's ability to exert shareholder control over Bathurst
- will have no impact on RIM's control over the Board
- will have no impact on RIM's control over the Company's operations.

### 3.6 Dilutionary Impact

The RIM Allotments will result in the Non-associated Shareholders' shareholdings in the Company being diluted by 6%. The vast majority of the dilution is attributable to the 2016 CNs Conversion (5% of the 6%).

### **3.7 Impact on Share Price and Liquidity**

#### ***Unlikely to Impact on Share Price***

While the conversion issue prices for the CNs are significantly below the Company's current share price, the conversion terms of the CNs have been well publicised and are most likely already factored into the Company's share price.

Accordingly, we are of the view that the RIM Allotments are unlikely to have any significant impact on the Company's share price.

#### ***Liquidity of Bathurst Shares Unlikely to Change***

We are of the view that the RIM Allotments are unlikely to have any significant impact on the liquidity of the Company's shares as the size of the pool of shares held by the Non-associated Shareholders will not change under the RIM Allotments.

### **3.8 Key Benefit to RIM**

Assuming the Buyback Resolution is approved, the 2017 CNs Conversion provides RIM with the opportunity to increase its shareholding in Bathurst from between 23.91% and 25.03% to between 24.51% and 25.65%, depending on the number of shares bought back under the Share Buyback.

### **3.9 Disadvantages to RIM**

#### ***Exposure to the Risks of Bathurst***

The key issues and risks that are likely to impact upon the business operations of Bathurst are summarised in section 4.5. As RIM's shareholding level in Bathurst increases, so does its exposure to these issues and risks.

### **3.10 Other Issues**

#### ***Benefits to Bathurst of RIM as a Cornerstone Shareholder***

The RIM Allotments will enhance RIM's position as an important cornerstone strategic investor in the Company and further signals its confidence in the future prospects of Bathurst.

#### ***Preservation of the Company's Cash Reserves***

The 2017 CNs Conversion alleviates the need for Bathurst to repay NZ\$575,000 upon the maturity of RIM's 2017 CNs, thus preserving the Company's cash reserves.

However, given the rationale for the Share Buyback, this is unlikely to be a major positive factor for the Company.

#### ***Non-associated Shareholders Approval is Required***

Pursuant to Rule 7(d) of the Code, the Non-associated Shareholders must approve by ordinary resolution the 2017 CNs Conversion.

The 2017 CNs Conversion will not proceed unless the Non-associated Shareholders approve the Conversion Resolution.

#### ***Attraction of Bathurst as a Takeover Target is Unlikely to Change***

As stated in section 2.9, we do not consider that the RIM Allotments will impact on the attraction of Bathurst as a takeover target.

### **3.11 Implications of the Conversion Resolution not Being Approved**

If the Conversion Resolution is not approved, RIM would have 3 options in respect of its 2017 CNs:

- it could redeem its 2017 CNs for NZ\$575,000 of cash when they mature on 1 February 2021, or
- assuming the Buyback Resolution is approved, sell down 13,333,333 shares that it currently holds so that it can convert the 2017 CNs into ordinary shares and not breach the provisions of the Code, or
- sell the 2017 CNs to one or more non-associated parties, who may then elect to convert the 2017 CNs into shares.

Given that the 2017 CNs are deeply in-the-money, we consider it possible that RIM would elect to sell down a portion of its current shareholding and convert its 2017 CNs into ordinary shares.

This could be potentially disadvantageous to Non-associated Shareholders as the sale of a significant bloc of shares by RIM may place downward pressure on the Company's share price.

### **3.12 Voting For or Against the Conversion Resolution**

Voting for or against the Conversion Resolution is a matter for individual shareholders based on their own views as to value and future market conditions, risk profile and other factors. Shareholders will need to consider these consequences and consult their own professional adviser if appropriate.

## 4. Profile of Bathurst Resources Limited

### 4.1 Background

The original Bathurst company was incorporated in Australia on 13 May 2007 as Bathurst Resources Pty Limited. It was converted to a public company on 11 October 2007 and renamed Bathurst Resources Limited (**BTU**). BTU listed its shares on the ASX on 14 December 2007 and on the main equities security market operated by NZX Limited (the **NZX Main Board**) on 26 November 2010.

The Company was incorporated in New Zealand on 27 March 2013 as Bathurst Resources (New Zealand) Limited. It changed its name to Bathurst Resources Limited on 18 December 2013.

On 23 June 2013, BTU implemented a scheme of arrangement (the **Scheme**) to re-domicile the head company of the Bathurst group to New Zealand. Under the Scheme, shareholders in BTU were issued one fully paid ordinary share in the Company for every one BTU share held and BTU became a wholly owned subsidiary of Bathurst.

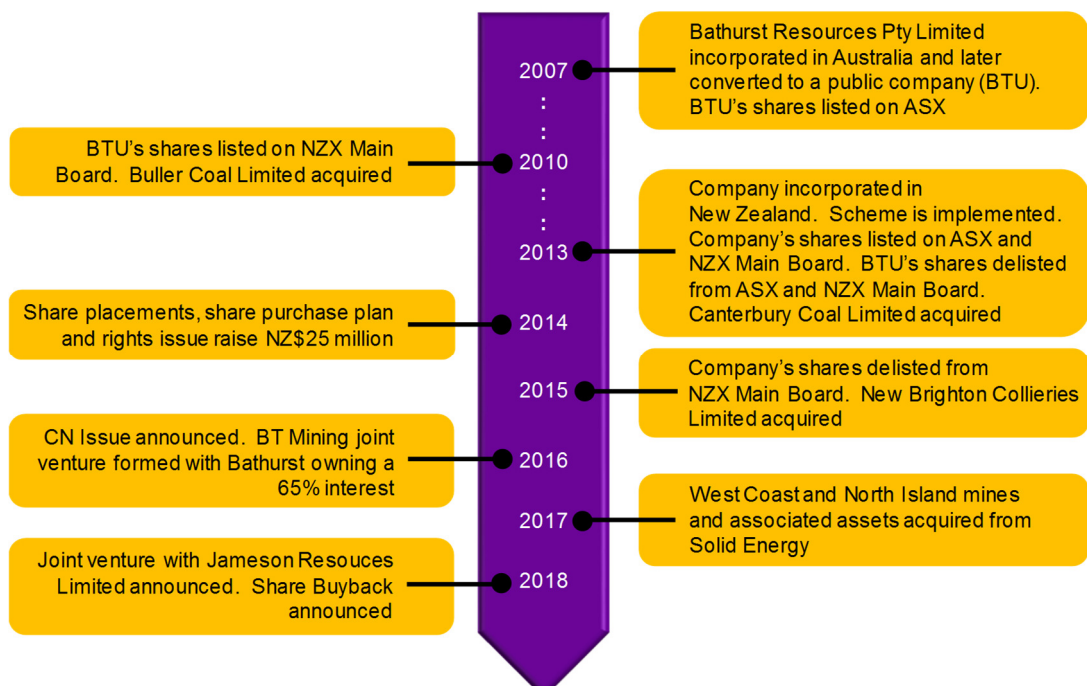
In conjunction with the Scheme, the Company listed its shares on the ASX and the NZX Main Board on 21 June 2013 and BTU delisted its shares from the ASX and NZX Main Board on 1 July 2013.

Bathurst delisted its shares from the NZX Main Board on 3 July 2015.

Bathurst holds a 65% shareholding in BT Mining, which on 31 August 2017 attained ownership of certain mining permits and licences of Solid Energy as well as the mining assets at the following mine sites:

- Buller Plateau operating assets of the Stockton Mine in the South Island
- Rotowaro Mine, Maramarua Mine and certain assets at Huntly West Mine located in the North Island.

The Company's key events are set out below.

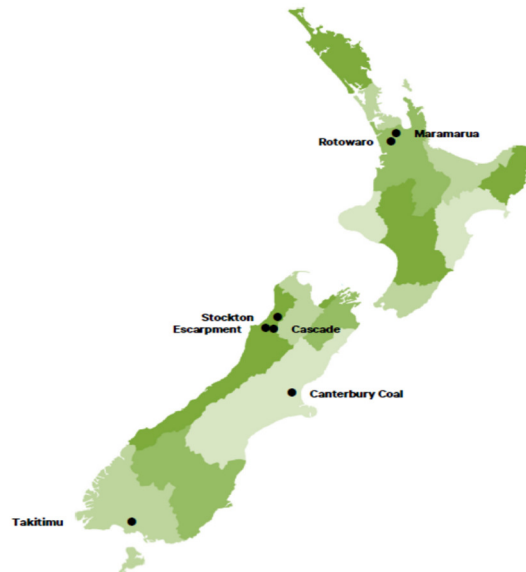


## 4.2 Nature of Operations

### Overview

Bathurst engages in the exploration and development of coal mining assets and the production of coal in New Zealand. It is New Zealand's largest coal producer, with 2.1 million tons (Mt) under management split across both export and domestic markets.

While Bathurst is listed on the ASX, the Company is based solely in New Zealand where it employs over 400 staff. Its registered head office is located in Wellington.



Source: Bathurst

### Export – Stockton (65% Equity Share)

Stockton is an open cut mine on the West Coast of the South Island, producing a low ash metallurgical coal for export primarily to Japan, Korea and India.

### North Island Domestic (65% Equity Share)

Rotowaro and Maramarua open cut mines are located in the Waikato region of the North Island.

Both mines have long term contracts to primarily supply the domestic steel and electricity industries, with the remainder supplied to local food production and other industries.

### South Island Domestic (100% Equity Share)

The Canterbury and Takitimu mines represent the existing Bathurst business prior to the acquisition of the Solid Energy mines.

Both mines produce energy coal which is low in sulphur and ash and high in demand by the local food processing industries that they supply.

The Canterbury mine is an open cast mine near Coalgate, 70 kilometres west of Christchurch.

The Takitimu mine is located at Nightcaps, north of Invercargill in Southland. It contains one of the few remaining pockets of sub-bituminous coal in the region.

### Buller (100% Equity Share)

The Buller project represents several mine permits on the Denniston Plateau on the West Coast of the South Island that are in close proximity to the Stockton mine operations. These include the Escarpment and Cascade mines for which mining permits are held, but which are currently on care and maintenance.

The Buller coalfield is regarded as one of New Zealand's most significant fields and is well known for its high quality, low ash and high fluidity coking coals, which are highly sought after by international steelmakers. Bathurst holds mine permits for more than 15,000 hectares.

A summary of the Company's and BT Mining's resources and reserves is set out below.

Bathurst and BT Mining Resources and Reserves					
Area	Coal Type	Measured (Mt)	Indicated (Mt)	Inferred (Mt)	Total (Mt)
Buller Coal Projects <sup>1</sup>	Metallurgical	24.6	65.0	87.5	177.1
Southland / Canterbury	Thermal	2.5	5.2	4.8	12.5
North Island <sup>1</sup>	Thermal	4.1	6.5	1.5	12.1
Total		<u>31.2</u>	<u>76.7</u>	<u>93.8</u>	<u>201.7</u>

<sup>1</sup> Bathurst has a 65% interest in the BT Mining coal sites  
Source: Bathurst 2018 annual report

A summary of the Company's and BT Mining's recent production is set out below.

Bathurst and BT Mining Production			
	Year to 30 Jun 16	Year to 30 Jun 17	Year to 30 Jun 18
Coal mined (tonnes)	430,880	331,079	2,094,000 <sup>1</sup>
Overburden (bank cubic metres)	3,505,249	2,587,611	15,633,000 <sup>1</sup>

<sup>1</sup> Bathurst has a 65% interest in the BT Mining coal sites  
Source: Bathurst annual reports

### 4.3 Directors and Senior Management

The directors of Bathurst are:

- Toko Kapea – non-executive chair
- Russell Middleton – executive director and chief financial officer
- Richard Tacon – executive director and chief executive officer
- Peter Westerhuis – non-executive director.

The Bathurst senior management team is:

- Richard Tacon – executive director and chief executive officer
- Russell Middleton – executive director and chief financial officer
- Bill Lyne – company secretary
- Fiona Bartier – general manager, health, safety, environment and community
- Alison Brown – general counsel

- Carmen Dunick – general manager, human resources
- Ian Harvey – general manager, export operations
- Sam Johnstone – general manager, marketing and logistics
- Damian Spring – general manager, domestic operations.

#### 4.4 Capital Structure and Shareholders

##### Ordinary Shares

Bathurst currently has 1,595,952,455 fully paid ordinary shares on issue held by 3,437 shareholders.

The names, number of shares and percentage holding of the 10 largest shareholders as at 28 September 2018 are set out below.

Bathurst's 10 Largest Shareholders		
Beneficial Shareholder	No. of Shares	%
HSBC Custody Nominees (Australia) Limited	624,427,161	39.13%
Citicorp Nominees Pty Limited	105,472,291	6.61%
Chng Seng Chye	91,878,788	5.76%
JP Morgan Nominees Australia Limited	51,937,471	3.25%
TH Investment Pte Limited	45,454,545	2.85%
Teo Peng Kwang	38,932,124	2.44%
Berne No 132 Nominees Pty Limited	27,888,773	1.75%
Armada Trading Pty Limited	24,114,272	1.51%
Ang Poon Liat	22,002,727	1.38%
John McCallum	20,392,966	1.28%
Top 10 shareholders	1,052,501,118	65.95%
Others (3,427 shareholders)	543,451,337	34.05%
Total	1,595,952,455	100.00%

*Source: Bathurst*

Bathurst has 3 beneficial shareholders holding more than 5% of the Company's shares:

- RIM – 317,414,951 shares (19.89%)
- Asian Dragon Acquisitions Limited – 151,611,069 shares (9.50%)
- Chng Seng Chye – 106,561,841 (6.68%).

##### Performance Rights

The Bathurst Long Term Incentive Plan (**LTIP**) was approved by the Company's shareholders in 2015. Performance rights granted under the LTIP carry no dividend or voting rights and are convertible into fully paid ordinary shares on a one-for-one basis at nil exercise price.

Bathurst has issued 3 forms of performance rights to its senior executives – transaction performance rights, completion performance rights and retention performance rights.

There are 16,130,559 performance rights on issue as at 28 September 2018 as set out in the table that follows.

Performance Rights as at 28 September 2018				
	Grant Date	Vesting Date	Last Exercise Date	No. on Issue
Transaction performance rights	6 Feb 2017	31 Dec 2018	31 Mar 2019	11,500,000
Completion performance rights	21 Dec 2017	31 Dec 2018	31 Mar 2019	1,980,559
Retention performance rights	3 Apr 2018	31 Dec 2018	31 Mar 2019	2,650,000
				<u>16,130,559</u>

*Source: Bathurst*

#### 4.5 Key Issues Affecting Bathurst

The main industry and specific business factors and risks that Bathurst faces include:

- the exploration for, and development of, mineral deposits involves significant risks. Exploration of Bathurst’s exploration tenements may be unsuccessful, resulting in a reduction of the value of those tenements, diminution in cash reserves and possible relinquishment of the exploration tenements
- Bathurst’s mineral exploration and planned development activities are subject to various laws, rules and regulations which are subject to potential significant change
- Bathurst faces production and other operational risks including weather conditions and natural disasters, disruption of power supply, unexpected technical problems, unanticipated geological conditions, equipment failures and disruptions of rail infrastructure and ship loading facilities
- commodity price volatility, driven by factors such as world demand for coal, forward selling by producers and production cost levels in major coal producing regions
- the renewal or grant of the term of each tenement or licence
- changes in New Zealand law and regulations in respect of the resources sector which may impact negatively on the Company’s operations
- compliance with New Zealand law and regulations regarding environmental matters
- fluctuations in foreign exchange rates.



## 4.6 Financial Performance

A summary of Bathurst's recent financial performance is set out below.

Summary of Bathurst Financial Performance			
	Year to 30 Jun 16 (Audited) NZ\$000	Year to 30 Jun 17 (Audited) <sup>1</sup> NZ\$000	Year to 30 June 18 (Audited) NZ\$000
Revenue	50,879	41,591	47,817
Gross profit	10,523	9,212	14,963
EBITDAF	13,500	9,970	8,459
NPBT	1,031	(15,667)	5,548
NPAT	1,031	(15,667)	5,548
EPS (NZ cents)	0.11	(1.60)	0.40

*EBITDAF: Earnings before interest, tax, depreciation, amortisation and fair value adjustments*  
*NPBT: Net profit / (loss) before tax*  
*NPAT: Net profit / (loss) after tax*

<sup>1</sup> Restated  
Source: Bathurst annual reports

Bathurst's revenue is derived from coal sales and freight.

The NZ\$15.7 million loss in the 2017 financial year was primarily due to a negative NZ\$12.5 million fair value movement on derivatives.

The 2018 financial year results included \$43.0 million in respect of Bathurst's 65% share of BT Mining's profits for the 10 months ended 30 June 2018 and negative NZ\$32.1 million of fair value movements on derivatives and borrowings.

## 4.7 Financial Position

A summary of Bathurst's recent financial position is set out below.

Summary of Bathurst Financial Position			
	As at 30 Jun 16 (Audited) NZ\$000	As at 30 Jun 17 (Audited) <sup>1</sup> NZ\$000	As at 30 Jun 18 (Audited) NZ\$000
Current assets	11,754	39,235	29,766
Non current assets	32,229	38,568	89,729
Total assets	43,983	77,803	119,495
Current liabilities	(8,953)	(33,438)	(10,048)
Non current liabilities	(15,079)	(38,141)	(39,001)
Total liabilities	(24,032)	(71,579)	(49,049)
Total equity	19,951	6,224	70,446

<sup>1</sup> Restated  
Source: Bathurst annual reports

Bathurst's current assets as at 30 June 2018 comprised mainly:

- cash and short term deposits of NZ\$24.2 million
- trade and other receivables of NZ\$3.9 million
- inventories of NZ\$1.2 million.

Non current assets as at 30 June 2018 comprised mainly:

- the 65% shareholding in BT Mining – NZ\$45.4 million
- mining licences, properties, exploration and evaluation assets - NZ\$26.3 million
- property, plant and equipment – NZ\$17.5 million (mainly plant and machinery and freehold land).

Liabilities as at 30 June 2018 comprised:

- borrowings (subordinated bonds, CNs, bank loans and lease liabilities) – NZ\$29.8 million
- deferred consideration – NZ\$7.6 million
- rehabilitation provisions – NZ\$5.9 million
- trade and other payables – NZ\$5.7 million.

The Company had total equity of NZ\$70.4 million as at 30 June 2018, comprising:

- contributed equity – NZ\$263.1 million
- debt instruments – equity components – NZ\$43.8 million
- reserves – negative NZ\$31.8 million
- accumulated losses – negative NZ\$204.7 million.

## 4.8 Cash Flows

A summary of Bathurst's recent cash flows is set out below.

Summary of Bathurst Cash Flows			
	Year to 30 Jun 16 (Audited) NZ\$000	Year to 30 Jun 17 (Audited) <sup>1</sup> NZ\$000	Year to 30 Jun 18 (Audited) NZ\$000
Net cash inflow from operating activities	10,241	9,163	21,208
Net cash (outflow) from investing activities	(6,401)	(15,836)	(25,289)
Net cash inflow / (outflow) from financing activities	<u>(2,980)</u>	<u>32,240</u>	<u>(4,632)</u>
Net increase / (decrease) in cash held	860	25,567	(8,713)
Opening cash balance	<u>2,465</u>	<u>3,325</u>	<u>28,892</u>
Closing cash balance	<u>3,325</u>	<u>28,892</u>	<u>20,179</u>

<sup>1</sup> Restated  
Source: Bathurst annual reports

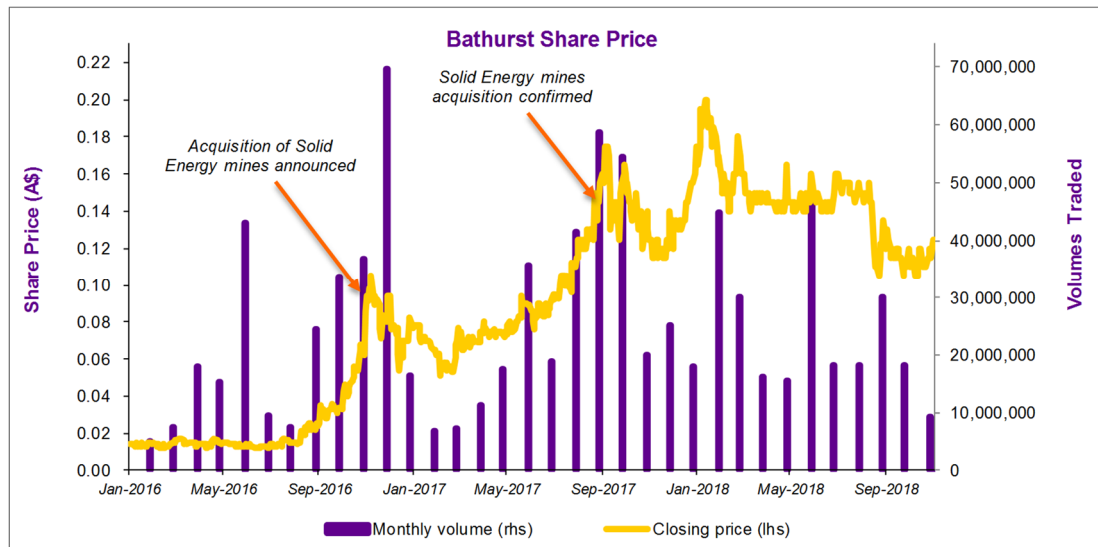
Net cash inflow from operating activities in the 2018 financial year included a NZ\$13.0 million dividend from BT Mining.

Cash outflows from investing activities each year include payments for exploration and consenting expenditure, mining assets and property, plant and equipment. NZ\$12.0 million (net) of advances were made to BT Mining in the 2018 financial year.

Bathurst raised NZ\$32.5 million (net) in the 2017 financial year from borrowings.

## 4.9 Share Price History

Set out below is a summary of Bathurst's daily closing share price and monthly volumes of shares traded from 4 January 2016 to 6 November 2018.



Source: S&P Capital IQ

During the period, Bathurst's shares have traded between A\$0.012 and A\$0.200 at a VWAP of A\$0.100.

An analysis of Bathurst's recent VWAP, traded volumes and liquidity (measured as traded volumes as a percentage of shares outstanding) up to 6 November 2018 is set out below.

Share Trading up to 6 November 2018					
Period	Low (A\$)	High (A\$)	VWAP (A\$)	Volume Traded (000)	Liquidity
1 month	0.105	0.125	0.113	7,907	0.5%
3 months	0.105	0.155	0.120	52,039	3.3%
6 months	0.105	0.160	0.136	140,737	8.8%
12 months	0.105	0.200	0.146	286,490	18.0%

Source: S&P Capital IQ

## **5. Sources of Information, Reliance on Information, Disclaimer and Indemnity**

### **5.1 Sources of Information**

The statements and opinions expressed in this report are based on the following main sources of information:

- the draft notice of annual general meeting
- the Bathurst annual reports for the years ended 30 June, 2016 to 2018
- data in respect of Bathurst from the Company and S&P Capital IQ
- data in respect of RIM from S&P Capital IQ, company websites and industry publications.

During the course of preparing this report, we have had discussions with and / or received information from the Board and Bathurst's legal advisers.

The Board has confirmed that we have been provided for the purpose of this Independent Adviser's Report with all information relevant to the Share Buyback and the RIM Allotments that is known to them and that all the information is true and accurate in all material aspects and is not misleading by reason of omission or otherwise.

Including this confirmation, we have obtained all the information that we believe is desirable for the purpose of preparing this Independent Adviser's Report.

In our opinion, the information to be provided by Bathurst to the Company's shareholders is sufficient to enable the Board and the Company's shareholders to understand all the relevant factors and to make an informed decision in respect of the Share Buyback and the RIM Allotments.

### **5.2 Reliance on Information**

In preparing this report we have relied upon and assumed, without independent verification, the accuracy and completeness of all information that was available from public sources and all information that was furnished to us by Bathurst and its advisers.

We have evaluated that information through analysis, enquiry and examination for the purposes of preparing this report but we have not verified the accuracy or completeness of any such information or conducted an appraisal of any assets. We have not carried out any form of due diligence or audit on the accounting or other records of Bathurst. We do not warrant that our enquiries would reveal any matter which an audit, due diligence review or extensive examination might disclose.

### 5.3 Disclaimer

We have prepared this report with care and diligence and the statements in the report are given in good faith and in the belief, on reasonable grounds, that such statements are not false or misleading. However, in no way do we guarantee or otherwise warrant that any forecasts of future profits, cash flows or financial position of Bathurst will be achieved. Forecasts are inherently uncertain. They are predictions of future events that cannot be assured. They are based upon assumptions, many of which are beyond the control of Bathurst and its directors and management. Actual results will vary from the forecasts and these variations may be significantly more or less favourable.

We assume no responsibility arising in any way whatsoever for errors or omissions (including responsibility to any person for negligence) for the preparation of the report to the extent that such errors or omissions result from our reasonable reliance on information provided by others or assumptions disclosed in the report or assumptions reasonably taken as implicit, provided that this shall not absolve Simmons Corporate Finance from liability arising from an opinion expressed recklessly or in bad faith.

Our evaluation has been arrived at based on economic, exchange rate, market and other conditions prevailing at the date of this report. Such conditions may change significantly over relatively short periods of time. We have no obligation or undertaking to advise any person of any change in circumstances which comes to our attention after the date of this report or to review, revise or update this report.

We have had no involvement in the preparation of the notice of annual general meeting issued by Bathurst and have not verified or approved the contents of the notice of annual general meeting. We do not accept any responsibility for the contents of the notice of annual general meeting except for this report.

### 5.4 Indemnity

Bathurst has agreed that, to the extent permitted by law, it will indemnify Simmons Corporate Finance and its directors and employees in respect of any liability suffered or incurred as a result of or in connection with the preparation of the report. This indemnity does not apply in respect of any negligence, wilful misconduct or breach of law. Bathurst has also agreed to indemnify Simmons Corporate Finance and its directors and employees for time incurred and any costs in relation to any inquiry or proceeding initiated by any person. Where Simmons Corporate Finance or its directors and employees are found liable for or guilty of negligence, wilful misconduct or breach of law or term of reference, Simmons Corporate Finance shall reimburse such costs.

## 6. Qualifications and Expertise, Independence, Declarations and Consents

### 6.1 Qualifications and Expertise

Simmons Corporate Finance is a New Zealand owned specialist corporate finance advisory practice. It advises on mergers and acquisitions, prepares independent expert's reports and provides valuation advice.

The person in the company responsible for issuing this report is Peter Simmons, B.Com, DipBus (Finance), INFENZ (Cert).

Simmons Corporate Finance and Mr Simmons have significant experience in the independent investigation of transactions and issuing opinions on the merits and fairness of the terms and financial conditions of the transactions.

### 6.2 Independence

Simmons Corporate Finance does not have at the date of this report, and has not had, any shareholding in or other relationship with Bathurst or RIM or any conflicts of interest that could affect our ability to provide an unbiased opinion in relation to the Share Buyback and the RIM Allotments.

Simmons Corporate Finance has not had any part in the formulation of the Share Buyback and the RIM Allotments or any aspects thereof. Our sole involvement has been the preparation of this report.

Simmons Corporate Finance will receive a fixed fee for the preparation of this report. This fee is not contingent on the conclusions of this report or the outcome of the voting in respect of the Buyback Resolution or the Conversion Resolution. We will receive no other benefit from the preparation of this report.

### 6.3 Declarations

An advance draft of this report was provided to the Board for its comments as to the factual accuracy of the contents of the report. Changes made to the report as a result of the circulation of the draft have not changed the methodology or our conclusions.

Our terms of reference for this engagement did not contain any term which materially restricted the scope of the report.

### 6.4 Consents

We consent to the issuing of this report in the form and context in which it is to be included in the notice of annual general meeting to be sent to the Company's shareholders. Neither the whole nor any part of this report, nor any reference thereto may be included in any other document without our prior written consent as to the form and context in which it appears.



Peter Simmons  
Director

**Simmons Corporate Finance Limited**

7 November 2018