



GROUP LIMITED

ABN 65 003 964 181

Notice of 2019 Annual General Meeting and Explanatory Statement

NOTICE is given that the 2019 Annual General Meeting of PPK Group Limited (**Company**) will be held at:

**Computershare, Level 3, 60 Carrington Street, Sydney NSW
at 2.30 pm Sydney Time
on Tuesday 26 November 2019.**

The Explanatory Statement accompanying this Notice of Meeting explains the items of business to be considered at the Meeting and forms part of this Notice of Meeting and should be read in conjunction with it.

BUSINESS

Receipt of the Financial Report for the year ended 30 June 2019

Receipt of the Company's Financial Report, the Directors' Report and the Auditor's Report for the year ended 30 June 2019.

Resolution 1 – Remuneration Report

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

“That the Remuneration Report of the Company for the financial year ended 30 June 2019 be adopted.”

Resolution 2 – Re-elect Mr Robin Levison as a Director of the Company

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

“That Mr Robin Levison, who retires in accordance with rule 18.6 of the Constitution, and being eligible, is re-elected as a Director of the Company.”

Resolution 3 – Ratification of Placement of Shares

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

“That for the purposes of Listing Rule 7.4 and for all other purposes, the Company approves and ratifies the issue of 1,100,000 fully paid ordinary shares in the Company issued at the price of \$2.50 per share (Placement Shares) to each of the sophisticated investors referred to and on the terms and conditions set out in the Explanatory Statement.”

Resolution 4 – Approval for extra 10% Placement Capacity

To consider and, if thought fit, to pass the following resolution as a special resolution:

“That, for the purposes of Listing Rule 7.1A and all other purposes, Shareholders approve the issue of Shares up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with in Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Statement.”

Resolution 5– Appointment of Auditor

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That, subject to ASIC consent being received by the Company for Grant Thornton Audit Pty Ltd to resign as auditor of the Company, for the purposes of section 327B(1) of the Corporations Act and for all other purposes, Ernst & Young of 111 Eagle Street, Brisbane, QLD, 4000, having been nominated by a shareholder and consented in writing to act as auditor of the Company, be appointed as auditor of the Company, effective immediately.”

Resolution 6 – Increase in Aggregate Non-executive Directors’ Fees

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That, for the purposes of Listing Rule 10.17 and all other purposes, Shareholders approve an increase in the aggregate total amount of directors’ fees payable to non-executive directors of \$125,000 up to a maximum of \$400,000, effective from 1 July 2020.

Resolution 7 – Replacement of Constitution

To consider and, if thought fit, to pass the following resolution as a special resolution:

“That, for the purposes of section 136(2) of the Corporations Act and all other purposes, Shareholders approve the repeal of the Company’s existing Constitution and the adoption of a new constitution in its place in the form as signed by the chairman of the Meeting for identification purposes.”

Resolution 8 – Grant of Performance Rights under Plan to Mr Anthony McDonald

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

“That for the purposes of Listing Rule 10.14, and for all other purposes, approval is given to the grant and issue of 50,000 Performance Rights pursuant to the PPK Long Term Incentive Plan to Mr Anthony McDonald and the subsequent issue of Shares on the vesting of such Performance Rights on the basis set out in the Explanatory Statement.”

VOTING EXCLUSION STATEMENT

RESOLUTION 1 – Remuneration Report:

The Company will disregard any votes cast on Resolution 1:

- by or on behalf of a member of the key management personnel of the Company (KMP) (as defined in Section 9 of the Corporations Act 2001 (Cth)) details of whose remuneration are included in the Remuneration Report; or
- by or on behalf of a closely related party (as defined in Section 9 of the Corporations Act 2001 (Cth)) of a member of the KMP; or
- as a proxy by a member of the KMP or a KMP’s closely related party.

However, a vote may be cast by a KMP or closely related party of the KMP if the proxy appointment is in writing and either:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, and the appointment does not specify the way the proxy is to vote on Resolution 1 and expressly authorises the Chairman to exercise the proxy, even though the Resolution is connected directly or indirectly with the remuneration of the KMP for the Company.

RESOLUTION 3 – Ratification of Placement of Shares

The Company will disregard any votes cast on Resolution 3 by or on behalf of a person who participated in or who will obtain a benefit as a result of the proposed issue (except a benefit solely by reason of being a holder of securities in the Company).

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

RESOLUTION 4 - Approval for extra 10% Placement Capacity:

The Company will disregard any votes cast in favour of Resolution 3 by:

- any person who may participate in the proposed issue and any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities if the Resolution is passed: and
- any person who is an Associate of those persons.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

RESOLUTION 6 – Increase in Aggregate Non-executive Directors' Fees

The Company will disregard any votes cast in favour of Resolution 6 by:

- any Director of the Company; and
- an associate of that person (or those persons).

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

RESOLUTION 8 – Grant of Performance Rights under Plan to Mr Anthony McDonald:

The Company will disregard any votes cast in favour of Resolution 8 by or on behalf of:

- any Director of the Company (except one who is ineligible to participate in the Plan); and
- an associate of that person (or those persons).

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

The Company will also disregard any votes cast on Resolution 8 by a member of the KMP or their closely related parties, as proxy for another person, where the proxy form does not specify how the proxy is to vote, with the exception that votes cast by the Chairman as proxy appointed in writing, and the appointment expressly authorises the Chairman to exercise the proxy, even though the Resolution 8 is connected directly or indirectly with the remuneration of the KMP for the Company.

Dated at Sydney, on the 9th of October 2019

By order of the Board
Andrew J. Cooke
Company Secretary



2019 Annual Report:

The 2019 Annual Report is available on the Company's Website: www.ppkgroup.com.au

Proxies

- A Shareholder entitled to attend and vote at the Meeting is entitled to appoint a proxy or not more than two proxies to attend and vote instead of the Shareholder.
- Where two proxies are appointed:
 - (i) a separate Proxy Form should be used to appoint each proxy;
 - (ii) the Proxy Form may specify the proportion, or the number, of votes that the proxy may exercise, and if it does not do so the proxy may exercise half of the votes.
- A Shareholder can appoint any other person to be their proxy. A proxy need not be a Shareholder of the Company. The proxy appointed can be described in the Proxy Form by an office held e.g. "the Chair of the Meeting".
- If a Shareholder's appointed proxy does not attend the Meeting, then the proxy appointment will automatically default to the Chair of the Meeting. In addition, any directed proxy appointments that are not voted on a poll at the meeting by a Shareholder's appointed proxy will automatically default to the Chair of the Meeting, who is required to exercise the relevant votes as directed on the poll (subject to any applicable voting exclusions).
- In the case of Shareholders who are individuals, the Proxy Form must be signed:
 - (i) if the shares are held by one individual, by that Shareholder;
 - (ii) if the shares are held in joint names, by any one of them.
- In the case of Shareholders who are companies, the Proxy Form must be signed:
 - (i) if it has a sole director who is also sole secretary, by that director (and stating the fact next to, or under the signature on the Proxy Form);
 - (ii) in the case of any other company by either two directors or a director and secretary.
- If the person signing the Proxy Form is doing so under a power of attorney, or is an officer of a company outside those referred to above but authorised to sign the Proxy Form, the power of attorney or other authorisation (or a certified copy of it), as well as the Proxy Form, must be received by the Company by the time and at the place specified below.
- A Proxy Form accompanies this notice. To be effective, your proxy must be received by the Company no later than 48 hours before the time for the holding of the meeting:
 - (i) Lodge your vote Online : www.investorvote.com.au using the Control Number and your SRN/HIN which are provided on the front side of your Proxy Form.
 - (ii) by facsimile : on 1 800 783 447 (within Australia) or +61 3 9473 2555 (from outside of Australia) ; or
 - (iii) by mail :
Computershare Investor Services Pty Limited
GPO Box 242
Melbourne Victoria 3001
Australia
 - (iv) Custodians: Intermediary Online subscribers only, cast the shareholder's vote online by visiting www.intermediaryonline.com.

Corporate Representatives

A body corporate that is a member, or that has been appointed as a proxy of a member, may appoint an individual to act as its representative at the Meeting. The appointment must comply with the requirements of section 250D of the Corporations Act. The representative should bring to the meeting evidence of his or her appointment including the authority under which it is signed.

SHAREHOLDERS WHO ARE ENTITLED TO VOTE

In accordance with the Corporations Act, the Directors have determined that a person's entitlement to vote at the Meeting will be the entitlement of that person set out in the register of members as at 7.00pm (AEDT) on Sunday, 24 November 2019.

CHAIR'S VOTING INTENTIONS

Subject to any applicable voting exclusions, the Chair of the Meeting intends to vote all available undirected proxies in favour of each resolution to be considered at the meeting.

EXPLANATORY STATEMENT

This Explanatory Statement forms part of the Notice of Meeting and has been prepared to provide Shareholders with material information to enable them to make an informed decision on the business to be conducted at the Meeting.

Financial Report for the year ended 30 June 2019

The Corporations Act requires the financial report (which includes the financial statements and the directors' declaration), the directors' report and the auditor's report to be laid before the Annual General Meeting. There is no requirement either in the Corporations Act or in the Constitution of the Company for Shareholders to approve the financial report, the directors' report or the auditor's report.

This item of business provides Shareholders with an opportunity to ask questions concerning or make comments on the Company's financial statements and reports for the year ended 30 June 2019 (**Financial Report**) and the Company's performance generally. A representative of the Auditor will be attending the Meeting.

As a Shareholder, you are entitled to submit a written question to the Auditor prior to the Meeting provided that the question relates to:

- the content of the Auditor's report; or
- the conduct of the audit in relation to the Financial Report.

All written questions must be received by the Company no later than Tuesday, 19 November 2019. All questions must be sent to the Company and may not be sent direct to the Auditor. The Company will then forward all questions to the Auditor. The Auditor will answer written questions submitted prior to the Meeting. The Auditor will also answer questions at the meeting from Shareholders relevant to:

- the conduct of the audit;
- the preparation and content of the Auditor's report;
- the accounting policies adopted by the Company in relation to the preparation of the financial statements; or
- the independence of the Auditor in relation to the conduct of the audit.

RESOLUTION 1 – Remuneration Report

The Directors' Report for the year ended 30 June 2019 contains the 2019 Remuneration Report which sets out the policy on remuneration of the directors of the Company and specified executives of the Company.

Members attending the Meeting will be given a reasonable opportunity to ask questions about, or make comments on, the Remuneration Report.

Section 250R(2) of the Corporations Act requires that the Remuneration Report be put to Shareholders for adoption. This resolution is for advisory purposes only and will not be binding on the Directors or the Company, however the Directors will take the outcome of the vote into consideration when reviewing the remuneration policy.

The Remuneration Report is contained in the Annual Report, a copy of which is available on the Company's Website: www.ppkgroup.com.au

If at least 25% of the votes cast are against the adoption of the Remuneration Report, the Company's next Remuneration Report must explain the Board's proposed action in response or explain why no action has been taken.

In the following year, if at least 25% of the votes cast on the resolution that the Remuneration Report be adopted are against adoption, shareholders will then vote to determine whether the Directors, excluding any Managing Director, will need to stand for re-election (a "Spill Resolution"). If more than 50% of the votes cast on the Spill Resolution are in favour, a separate re-election meeting must be held within 90 days.

At the Company's 2018 Annual General Meeting, the votes cast against the Remuneration Report considered at that meeting were less than 25%.

Directors' recommendation

The Board unanimously recommends that Shareholders vote **FOR** Resolution 1.

Subject to the voting exclusions set out in the Notice of AGM, the Chairman of the meeting intends to vote undirected proxies in favour of this resolution.

RESOLUTION 2 – Re-election of Mr Robin Levison as a Director

Mr Robin Levison is the Executive Chairman of the Company. Mr Levison retires by rotation in accordance with rule 18.6 of the Constitution and, being eligible, offers himself for re-election as a Director. A short profile of Mr Levison is set out below:

Robin Levison has 18 years of public company management and board experience. During this time, he has served as Managing Director at Industree Limited and Spectrum Resources Limited and has held senior roles at KPMG, Barclays Bank and Merrill Lynch.

Robin holds a Masters of Business Administration from the University of Queensland, is a Member of the Institute of Chartered Accountants Australia and NZ and is a Graduate and Fellow of Australian Institute of Company Directors. Robin recently retired as Chair of the University of Queensland Business, Economics and Law Alumni Ambassador Council.

Robin was appointed as a Director of PPK Group on 22 October 2013. Through his interest in Ignition Capital Pty Ltd and Ignition Capital No 2 Pty Ltd, Robin is a substantial Shareholder in PPK.

Directors' recommendation

The Board unanimously (with Mr. Levison abstaining) recommends that Shareholders vote **FOR** the re-election of Mr. Levison as a Director under Resolution 2.

RESOLUTION 3 – Ratification of Placement Shares

The Company issued a total of 1,100,000 fully paid ordinary shares at an issue price of \$2.50 per share to various sophisticated investors in June 2019. None of the sophisticated investors are related parties of the Company.

Listing Rule 7.4 permits the ratification of previously issued securities made without prior Shareholder approval, provided the issue did not breach the 15% threshold set by Listing Rule 7.1

Resolution 1 seeks Shareholder ratification of the issue of the Placement Shares.

The purpose of seeking Shareholder ratification of the Placement Shares is to reinstate the 15% limit under the Listing Rules on the number of securities that the Company may issue in any 12 month period without Shareholder approval.

In accordance with Listing Rule 7.5, the following information is provided to Shareholders

- (a) The total number of fully paid ordinary shares issued was 1,100,000.
- (b) The issue price of each fully paid ordinary shares issued was \$2.50.
- (c) The issued shares rank equally with all existing shares.
- (d) The allottees of the Placement Shares were sophisticated investors determined by the Board.
- (e) Funds raised through the Placement Shares have been applied to pay off fixed loans, related party loans and provide for working capital.
- (f) A voting exclusion statement is included in the Notice of Meeting.

Directors' recommendation

The Board believe that the ratification of the Placement Shares is beneficial to the Company as it allows the Company to retain the flexibility to issue the maximum number of equity securities permitted under Listing Rule 7.1 to raise additional capital without first obtaining Shareholder approval.

The Board unanimously recommends that Shareholders vote **FOR** Resolution 3.

RESOLUTION 4 - Approval of Additional 10% Placement Capacity

Background

Listing Rule 7.1A enables eligible entities to issue Shares up to 10% of its issued share capital over a 12 month period after the Annual General Meeting at which a resolution for the purposes of Listing Rule 7.1A is passed by special resolution (Additional 10% Placement Capacity). The Additional 10% Placement Capacity is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An entity will be eligible to seek approval under Listing Rule 7.1A if:

- (a) the entity has a market capitalisation of \$300 million or less; and
- (b) the entity that is not included in the S&P ASX 300 Index.

As at the date of this Notice the Company is an eligible entity for the purposes of Listing Rule 7.1A.

The number of Shares to be issued under the Additional 10% Placement Capacity will be determined in accordance with the formula set out in Listing Rule 7.1A.2.

Resolution 4 seeks Shareholders' approval to issue additional Shares under the Additional 10% Placement Capacity. The approval of the Additional 10% Placement Capacity provides greater flexibility for the Board to issue shares in the 12-month period following the AGM.

Listing Rule 7.1A

The effect of Resolution 4 will be to permit the Company to issue the Shares under Listing Rule 7.1A during the Additional Placement Period (as defined below) without using the Company's 15% placement capacity under Listing Rule 7.1.

Shares issued under the Additional 10% Placement Capacity must be in the same class as an existing quoted class of Shares of the Company. As at the date of this Notice the Company's Shares are quoted.

At the date of this Notice, the Company had 82,488,074 shares on issue (A in the formula below) and therefore, subject to Shareholder approval being obtained under Resolution 4, based on current circumstances 8,248,807 Shares will be permitted to be issued in accordance with Listing Rule 7.1A. The number of Shares that may be issued is calculated in accordance with the following formula:

$$(A \times D) - E$$

- A** is the number of Shares on issue 12 months before the date of issue or agreement:
 - (a) plus the number of fully paid Shares issued in the 12 months under an exception in Listing Rule 7.2;
 - (b) plus the number of partly paid Shares that became fully paid in the 12 months;
 - (c) plus the number of fully paid Shares issued in the 12 months with approval of holders of Shares under Listing Rules 7.1 and 7.4. This does not include an issue of fully paid Shares under the entity's 15% placement capacity without Shareholder approval;
 - (d) less the number of fully paid Shares cancelled in the 12 months.

Note that 'A' has the same meaning in Listing Rule 7.1 when calculating an entity's 15% placement capacity.

- D** is 10%

- E** is the number of Shares issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue, that are not issued with the approval of Shareholders under Listing Rules 7.1 or 7.4.

Shareholders should note that the calculation of the number of Shares permitted to be issued under the Additional 10% Placement Capacity is a moving calculation and will be based on the formula set out in Listing Rule 7.1A.2 at the time of issue of the Shares.

Shareholders will be kept fully informed of any issue of Shares under the 10% Placement Capacity as the Company will disclose to the market at the time of issue the specific information required by Listing Rule 3.10.5A (such as details of dilution of existing Shareholders) in addition to information required by Listing Rule 7.1A.4, Appendix 3B and any other applicable listing rules. The table below demonstrates various examples as to the number of Shares that may be issued under the Additional 10% Placement Capacity.

Resolution 4 is a special resolution, requiring approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative) in order to be passed.

Specific information required by Listing Rule 7.3A

The following information in relation to the Shares proposed to be issued is provided to Shareholders for the purposes of Listing Rule 7.3A:

- (a) The Shares will be issued at an issue price of not less than 75% of the volume weighted average price for the Company's Shares over the 15 Trading Days on which trades in the class were recorded immediately before:
 - (i) the date on which the price at which the Shares are to be issued is agreed; or

- (ii) if the Shares are not issued within five Trading Days of the date in paragraph (i) above, the date on which the Shares are issued.
- (b) If Resolution 4 is approved by shareholders and the Company issues Shares under the Additional 10% Placement Capacity, shareholders who do not participate (either because they are not invited to participate or because they elect not to participate) in any such issue, will have their existing interest and voting power in the Company diluted. There is also a risk that:
 - (i) the market price for the Company's Shares may be significantly lower on the date of the issue of the Shares than on the date of the AGM;
 - (ii) the Shares may be issued at a price that is at a discount to the market price for the Company's Shares on the issue date; or
 - (iii) the Shares may be issued for non-cash consideration,

which may have an effect on the amount of funds raised by the issue of Shares under the Additional 10% Placement Capacity.

- (c) The table below shows the dilution of existing Shareholders upon the issue of the maximum number of Shares under the Additional 10% Placement Capacity, using different variables for the number of ordinary securities for variable 'A' (as defined in Listing Rule 7.1A) and the market price of Shares. It is noted that variable 'A' is based on the number of ordinary securities the Company has on issue at the time of the proposed issue of Shares.

The table shows:

- (i) examples of where variable 'A' is at its current level, and where variable 'A' has increased by 50% and by 100%;
- (ii) examples of where the issue price of ordinary securities is the current market price as at close of trade on 11 September 2019, being \$3.29, (current market price), where the issue price is halved, and where it is doubled; and
- (iii) that the dilutionary effect will always be 10% if the maximum number of Shares that may be issued under the Additional 10% Placement Capacity are issued.

Variable 'A'	Number of Shares issued and funds raised under the Additional 10% Placement Capacity and dilution effect	Dilution		
		\$1.645 Issue Price at half the current market price	\$3.29 Issue Price at current market price	\$6.58 Issue Price at double the current market price
Current Variable 'A' 82,488,074 Shares	Shares issued	8,248,807	8,248,807	8,248,807
	Funds raised	\$13,569,288	\$27,138,575	\$54,277,150
	Dilution	10%	10%	10%
50% increase in Current Variable 'A' 123,732,111 Shares	Shares issued	12,373,211	12,373,211	12,373,211
	Funds raised	\$20,353,931	\$40,707,864	\$81,415,725
	Dilution	10%	10%	10%
100% increase in Current variable 'A' 164,976,148	Shares issued	16,497,614	16,497,614	16,497,614
	Funds raised	\$27,138,575	\$54,277,150	\$108,554,300
	Dilution	10%	10%	10%

Note: The table above assumes:

- (a) No Shares are issued before the date of issue of the Shares. If further Shares are issued and Shareholders do not participate in the issue, their ownership and voting power in the Company will be further diluted.
- (b) The issue of Shares under the Additional 10% Placement Capacity consists only of Shares.
- (c) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the Additional 10% Placement Capacity, based on that Shareholder's holding at the date of the AGM.

The table shows only the effect of issues of Shares under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.

Approval of the Additional 10% Placement Capacity will be valid during the period (Additional Placement Period) from the date of the AGM and will expire on the earlier of:

- (i) the date that is 12 months after the date of the AGM; and
- (ii) the date of the approval by Shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking).

The Company may seek to issue the Shares for the following purposes:

- (i) If Shares are issued for cash consideration: for ongoing development and manufacture of the Company's products, a potential business or product acquisition, new product development costs, administration costs and general working capital;
- (ii) If Shares are issued for non-cash consideration: for a potential business or product acquisition or in lieu of cash payments for services, equipment or product. If Shares are issued for non-cash consideration, the Company will comply with the minimum issue price limitation under Listing Rule 7.1A.3 in relation to such issue and will provide a valuation of the non-cash consideration to the market.

The Company will comply with the disclosure obligations under Listing Rules 7.1A.3 and 3.10.5A upon issue of any Shares.

The identity of the persons to whom Shares will be issued is not yet known and will be determined on a case by case basis having regard to market conditions at the time of the proposed issue of Shares, including consideration of matters including, but not limited to:

- (i) the ability of the Company to raise funds at the time of the proposed issue of Shares and whether the raising of any funds under such placement could be carried out by means of an entitlements offer, or a placement and an entitlements offer;
- (ii) the dilutionary effect of the proposed issue of the Shares on existing shareholders at the time of proposed issued of Shares;
- (iii) the financial situation of the Company; and
- (iv) advice from its professional advisers, including corporate, financial and broking advisers (if applicable).

The persons to whom Shares will be issued under the Additional 10% Placement Capacity have not been determined as at the date of this Notice, but will not include related parties (or their associates) of the Company.

The Company has not previously obtained approval under Listing Rule 7.1A or previously issued Shares pursuant to Listing Rule 7.1A.

A voting exclusion statement is included in the Notice of Meeting. The Company has not approached, and has not yet determined to approach, any particular existing security holders or an identifiable class of existing security holders to participate in an offer under the Additional 10% Placement Capacity, therefore no existing security holders' votes would be excluded under the voting exclusion statement included in this Notice.

Directors' Recommendation

The Directors of the Company believe that Resolution 4 is in the best interests of the Company and unanimously recommend that Shareholders vote **FOR** Resolution 4.

RESOLUTION 5 – Appointment of Auditor

On 2 October 2019 the Company's current auditor, Grant Thornton, sought consent from ASIC to resign as auditor of the Company pursuant to section 329(5) of the Corporations Act. As of the date of this Notice of Meeting, ASIC consent for the resignation has not been received.

Accordingly, this Resolution, which contemplates the appointment of a new auditor, is subject to ASIC consent being obtained before the date of this Meeting. If ASIC consent is obtained before the date of this Meeting, the Board of the Company will, pursuant to section 327C(1) of the Corporations Act, appoint Ernst & Young of 111 Eagle Street, Brisbane QLD, 4000 as auditor of the Company to fulfil a casual vacancy.

Under section 327C(2) of the Corporations Act, an auditor who has been appointed under section 327C(1) of the Corporations Act only holds office until the company's next annual general meeting.

The Company is required to appoint an auditor to fill any vacancy at each annual general meeting (after its first annual general meeting) pursuant to section 327B(1) of the Corporations Act.

Pursuant to section 328B of the Corporations Act, the Company received a valid notice of nomination which nominated Ernst & Young to be appointed as the new auditor of the Company. A copy of the notice of nomination is set out in Annexure A of this Notice of Meeting.

Ernst & Young has provided the Company its written consent to act, subject to Shareholder approval being obtained, as the Company's auditor in accordance with section 328A(1) of the Corporations Act.

Accordingly, subject to receipt of ASIC consent in relation to the resignation of the Company's outgoing auditor before the date of this Meeting, under this Resolution, Shareholder approval is being sought to appoint Ernst & Young as the auditor of the Company.

Directors' recommendation

The Board of Directors unanimously recommend that Shareholders vote **FOR** Resolution 5.

RESOLUTION 6 – Increase in Aggregate Non-executive Directors' Fees

In accordance with Listing Rule 10.17, the limit on total aggregate remuneration that may be paid to non-executive directors is fixed by ordinary resolution of a general meeting of Shareholders of the Company.

The Directors are asking Shareholders to increase the maximum amount of fees that may be paid to non-executive directors by \$125,000, from \$275,000 to \$400,000.

The current maximum amount of fees was approved by shareholders at the Company's 2003 Annual General Meeting.

The proposed new maximum amount takes into account the time since a previous increase, changes in the responsibilities of non-executive directors, a potential increase in the number of non-executive directors, while continuing to maintain a fee buffer.

The total fees paid to non-executive directors in the financial year ended 30 June 2019 was \$80,000.00. The Company currently has 2 non-executive directors and the increase will allow the Company flexibility to appoint additional non-executive directors while retaining an appropriate fee buffer.

Directors' recommendation

Given the interest in this matter of non-executive directors, the Board of Directors as a whole makes no recommendation on this Resolution.

RESOLUTION 7 – Replacement of Constitution

A company may modify or repeal its constitution or a provision of its constitution by special resolution of Shareholders.

This resolution is a special resolution which will enable the Company to repeal its existing Constitution and adopt a new constitution (**Proposed Constitution**) which is of the type required for a listed public company limited by shares updated to ensure it reflects the current provisions of the Corporations Act and ASX Listing Rules. This will incorporate amendments to the Corporations Act and ASX Listing Rules since the current Constitution was adopted in 1994, and since it was last amended in 2006.

The Directors believe that it is preferable in the circumstances to replace the existing Constitution with the Proposed Constitution rather than to amend a multitude of specific provisions.

The Proposed Constitution is broadly consistent with the provisions of the existing Constitution. Many of the proposed changes are administrative or minor in nature including but not limited to:

- general regulatory inclusions in line with updates to relevant legislation;
- updating references to bodies or legislation which have been renamed; and
- expressly providing for statutory rights by mirroring these rights in provisions of the Proposed Constitution.

The Directors believe these amendments are not material nor will they have any significant impact on Shareholders. It is not practicable to list all of the changes to the Constitution in detail in this Explanatory Statement, however, a summary of the more significant proposed material changes is set out below.

A copy of the Proposed Constitution can be sent to Shareholders upon request to the Company Secretary. Shareholders are invited to contact the Company if they have any queries or concerns. A copy of the approved Constitution will be available on the Company's website and at the office of the Company following the Meeting.

Summary of material proposed changes

Restricted Securities (clause 2.6) - ASX has advised that the ASX Listing Rule 15.12 regarding 'restricted securities' will be amended on 1 December 2019. Clause 2.6 of the Proposed Constitution reflects these changes as follows:

- restricted securities must not be disposed of during the escrow period applicable to those restricted securities except as permitted by the Listing Rules or ASX;

- if the restricted securities are in the same class as quoted securities, the member holding the restricted securities will be taken to have agreed in writing that the restricted securities are to be kept on the Company's issuer sponsored subregister and are to have a holding lock applied for the duration of the escrow period applicable to those restricted securities;
- the Company must, except as permitted by the Listing Rules or ASX, refuse to acknowledge a disposal of the restricted securities during the escrow period;
- the member holding the restricted securities will not be entitled to participate in any return of capital on those restricted securities during the escrow period applicable to those restricted securities except as permitted by the Listing Rules or the Exchange; and
- the member holding the restricted securities ceases to be entitled to any dividend or distribution and to any voting rights for those restricted securities for so long as a breach of the Listing Rules relating to restricted securities or a breach of the restriction agreement for the restricted securities subsists.

Fee for registration of off-market transfers (clause 12.1(e)) - On 24 January 2011, ASX amended ASX Listing Rule 8.14 with the effect that the Company may now charge a "reasonable fee" for registering paper-based transfers, sometimes referred to "off-market transfers".

Clause 12.1 of the Proposed Constitution enables the Company to charge a reasonable fee when it is required to register off-market transfers from Shareholders. The fee is intended to represent the cost incurred by the Company in upgrading its fraud detection practices specific to off-market transfers.

Unmarketable Parcels (clause 13) - Clause 13 of the Proposed Constitution outlines how the Company can manage shareholdings which represent an "unmarketable parcel" of shares, being a shareholding that is less than \$500 based on the closing price of the Company's Shares on ASX as at the relevant time.

The Proposed Constitution is in line with the requirements for dealing with "unmarketable parcels" outlined in the Corporations Act such that where the Company elects to undertake a sale of unmarketable parcels, the Company is only required to give one notice to holders of an unmarketable parcel to elect to retain their shareholding before the unmarketable parcel can be dealt with by the Company, saving time and administrative costs incurred by otherwise having to send out additional notices.

Clause 13 of the Proposed Constitution continues to outline in detail the process that the Company must follow for dealing with unmarketable parcels.

General Meetings (clause 16) - The right to call a general meeting under the Corporations Act has been expressly provided for. Accordingly, a general meeting can now be called with the support of 5% of shareholders or as otherwise permitted by the legislation. Notice requirements have been updated to account for updates in the legislation.

Direct Voting (clause 18) - The directors may now determine that members may cast votes to which they are entitled, on resolutions of the directors choosing, by direct vote. This inclusion is in line with modern listed company standards and will enable members to cast their vote without being required to physically attend the meeting, should the directors choose it is necessary. A direct vote which has been cast may be withdrawn by written notice of the shareholder.

Dividends (clause 25) - Section 254T of the Corporations Act was amended effective 28 June 2010.

There is now a three-tiered test that a company will need to satisfy before paying a dividend replacing the previous test that dividends may only be paid out of profits.

The amended requirements provide that a company must not pay a dividend unless:

- the company's assets exceed its liabilities immediately before the dividend is declared and the excess is sufficient for the payment of the dividend;
- the payment of the dividend is fair and reasonable to the company's shareholders as a whole; and
- the payment of the dividend does not materially prejudice the company's ability to pay its creditors.

The existing Constitution reflects the former profits test and restricts the dividends to be paid only out of the profits of the Company. The Proposed Constitution is updated to reflect the new requirements of the Corporations Act. The Directors consider it appropriate to update the Constitution for this amendment to allow more flexibility in the payment of dividends in the future should the Company be in a position to pay dividends.

Winding up (clause 27) - Upon winding up, the distribution will be made according to class of shares. Any partly paid share will have such distribution reduced by the amount unpaid at the date of distribution, and any unpaid amount on a share will be considered the property of the Company. Division of property and assets by a liquidator, while still discretionary upon special resolution, may be dissented to by a member where the special resolution is treated to have passed under section 507 of the Corporations Act. Further and more detailed liquidator provisions have been provided for to strike a fair balance between any competing rights, and reflect updates and inclusions to the Corporations Act.

Proportional takeover provisions (clause 15) - A proportional takeover bid is a takeover bid where the offer made to each shareholder is only for a proportion of that shareholder's shares.

Pursuant to section 648G of the Corporations Act, the Company has included in the Proposed Constitution a provision whereby a proportional takeover bid for Shares may only proceed after the bid has been approved by a meeting of Shareholders held in accordance with the terms set out in the Corporations Act.

This clause of the Proposed Constitution will cease to have effect on the third anniversary of the date of the adoption of last renewal of the clause.

Information required by section 648G of the Corporations Act

- **Effect of proposed proportional takeover provisions**

Where offers have been made under a proportional off-market bid in respect of a class of securities in a company, the registration of a transfer giving effect to a contract resulting from the acceptance of an offer made under such a proportional off-market bid is prohibited unless and until a resolution to approve the proportional off-market bid is passed.

- **Reasons for proportional takeover provisions**

A proportional takeover bid may result in control of the Company changing without Shareholders having the opportunity to dispose of all their Shares. By making a partial bid, a bidder can obtain practical control of the Company by acquiring less than a majority interest. Shareholders are exposed to the risk of being left as a minority in the Company and the risk of the bidder being able to acquire control of the Company without payment of an adequate control premium. These amended provisions allow Shareholders to decide whether a proportional takeover bid is acceptable in principle, and assist in ensuring that any partial bid is appropriately priced.

- **Knowledge of any acquisition proposals**

As at the date of this Notice of Meeting, no Director is aware of any proposal by any person to acquire, or to increase the extent of, a substantial interest in the Company.

Potential advantages and disadvantages of proportional takeover provisions The Directors consider that the proportional takeover provisions have no potential advantages or disadvantages for them and that they remain free to make a recommendation on whether an offer under a proportional takeover bid should be accepted.

The potential advantages of the proportional takeover provisions for Shareholders include:

- a) the right to decide by majority vote whether an offer under a proportional takeover bid should proceed;
- b) assisting in preventing Shareholders from being locked in as a minority;
- c) increasing the bargaining power of Shareholders which may assist in ensuring that any proportional takeover bid is adequately priced; and
- d) each individual Shareholder may better assess the likely outcome of the proportional takeover bid by knowing the view of the majority of Shareholders which may assist in deciding whether to accept or reject an offer under the takeover bid.

The potential disadvantages of the proportional takeover provisions for Shareholders include:

- a) proportional takeover bids may be discouraged;
- b) lost opportunity to sell a portion of their Shares at a premium; and
- c) the likelihood of a proportional takeover bid succeeding may be reduced.

Directors' Recommendation

The Board unanimously recommends that Shareholders vote **FOR** Resolution 7.

RESOLUTION 8 – Grant of Performance Rights under Plan to Mr Anthony McDonald

Listing Rule 10.14 provides that the Company must not permit any Directors to acquire securities under an employee incentive scheme without the approval of Shareholders.

Accordingly Resolution 8 seeks the approval of Shareholders pursuant to Listing Rule 10.14 to grant 50,000 Performance Rights to Mr. Anthony McDonald, Non-executive Director of the Company in accordance with the terms of the Plan, and to the issue of Shares on the vesting of the Performance Rights.

The Plan is designed to operate as the long term incentive component of the remuneration of certain senior managers and officers of the Company. The grant of Performance Rights to Mr McDonald is proposed due to the time and services provided in connection with the BNNT acquisition and its subsequent development and advancement which has helped the Company's market capitalisation increase to greater than \$250 million.

Information required by Listing Rule 10.15:

i. Maximum number of securities that may be acquired

The maximum number of Performance Rights to be granted to Mr. McDonald is 50,000. Each Performance Right shall convert into 1 Plan Share upon vesting.

The Performance Rights to be granted to Mr. McDonald shall vest on the Vesting Dates set out below:

Vesting Date	1 January 2020	1 July 2020	1 January 2021	1 July 2021
Number of Performance Rights to Vest	12,500	12,500	12,500	12,500

ii. The price for each Performance Right to be acquired under the Plan

In accordance with the terms of the Plan the Performance Rights are to be granted to Mr. McDonald for nil consideration.

iii. The names of all persons referred to in Listing Rule 10.14 who received Performance Rights since the last approval

Since the Plan has been previously approved by Shareholders, Mr Dale McNamara has received 400,000 Performance Rights out of a maximum 1,000,000 approved at the 2018 AGM.

iv. The names of all persons referred to in Listing Rule 10.14 entitled to participate in the Plan

The Directors entitled to participate in the Plan as at the date of this Notice of Meeting are Mr. Robin Levison, Mr. Anthony McDonald and Mr. Dale McNamara.

Mr. Glenn Molloy and Mr. Graeme Webb are not entitled to participate in the Plan as they each hold a beneficial interest in more than 10% of the Shares in the Company.

v. The terms of any loan in relation to the grant of Performance Rights

No loans have or will be granted to Mr. McDonald in relation to the issue of Performance Rights to him or the subsequent issue of Plan Shares to him upon vesting.

vi. The date by which the Company will issue the Performance Rights

It is proposed that the Performance Rights will be issued to Mr. McDonald within one of the month of the AGM and in any event not later than 12 months after the date of the AGM.

Directors' Recommendation

The Board unanimously (with Mr. McDonald abstaining) recommends that Shareholders vote **FOR** Resolution 8.

Glossary

Annual General Meeting or AGM	means the Company's annual general meeting the subject of this Notice of Meeting.
Annual Report	means the Company's 2019 annual report.
ASIC	means Australian Securities and Investments Commission.
ASX	means ASX Limited ABN 98 008 624 691 or the securities market which it
Board	means the board of directors of the Company.
Business Day	has the meaning given in Chapter 19 of the Listing Rules.
Company	means PPK Group Limited ABN 65 003 964 181.
Constitution	means the constitution of the Company, as amended.
Corporations Act	means the <i>Corporations Act 2001</i> (Cth).
Director	means a director of the Company.
Explanatory Statement	means the explanatory statement attached to the Notice of Meeting.
Financial Report	means the Company's financial statements and reports for the year ended 30 June 2019, as included in the Annual Report.
KMP	means key management personnel (as defined under section 9 of the Corporations Act).
Listing Rules	means the official listing rules of ASX.
Notice of Meeting	means the notice of meeting and includes the Explanatory Statement.
Plan	means the PPK Long Term Incentive Plan
Proxy Form	means the proxy form accompanying this Notice of Meeting.
Remuneration Report	means the section of the Directors' report for the year ended 30 June 2018 that is included under section 300A(1) of the Corporations Act.
Shares	means fully paid ordinary shares issued in the capital of the Company.
Shareholder	means a person who is the registered holder of Shares.
VWAP	means volume weighted average price.

ANNEXURE "A"

IGNITION CAPITAL PTY LTD
<THE IGNITION A/C>
GPO BOX 37
BRISBANE QLD 4001

1 October 2019

PPK Group Limited
Level 27, 10 Eagle Street
Brisbane QLD 4000

To whom it may concern,

We, IGNITION CAPITAL PTY LTD, being a shareholder of PPK Group Limited ('the Company'), hereby give written notice pursuant to Section 328B(1) of the Corporations Act of the nomination of Ernst & Young for appointment as Auditor of the Company at the next Annual General Meeting.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Robin Levison', with a stylized flourish at the end.

Robin Levison
Sole Director
IGNITION CAPITAL PTY LTD



GROUP LIMITED
ABN 65 003 964 181

PPK

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

Need assistance?



Phone:

1300 850 505 (within Australia)
+61 3 9415 4000 (outside Australia)



Online:

www.investorcentre.com/contact



YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by 2:30pm (AEDT) Sunday 24 November 2019.

Proxy Form

How to Vote on Items of Business

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

APPOINTMENT OF PROXY

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

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

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

A proxy need not be a securityholder of the Company.

SIGNING INSTRUCTIONS FOR POSTAL FORMS

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

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

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

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

ATTENDING THE MEETING

If you are attending in person, please bring this form with you to assist registration.

Corporate Representative

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

Lodge your Proxy Form:

XX

Online:

Lodge your vote online at www.investorvote.com.au using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is



Control Number: 999999

SRN/HIN: I9999999999

PIN: 99999

For Intermediary Online subscribers (custodians) go to www.intermediaryonline.com

By Mail:

Computershare Investor Services Pty Limited
GPO Box 242
Melbourne VIC 3001
Australia

By Fax:

1800 783 447 within Australia or
+61 3 9473 2555 outside Australia



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

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

☐

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



I 9999999999

I ND

Proxy Form

Please mark ☒ to indicate your directions

Step 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of PPK Group Limited hereby appoint

☐

the Chairman
of the Meeting

OR

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

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of PPK Group Limited to be held at Computershare, Level 3, 60 Carrington Street, Sydney NSW on Tuesday 26 November 2019 at 2:30pm and at any adjournment or postponement of that meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Items 1, 6 and 8 (except where I/we have indicated a different voting intention in step 2) even though Items 1, 6 and 8 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Items 1, 6 and 8 by marking the appropriate box in step 2.

Step 2 Items of Business

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

	For	Against	Abstain
1 Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Re-elect Mr Robin Levison as a Director of the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Ratification of Placement of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Approval for extra 10% Placement Capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Appointment of Auditor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6 Increase in Aggregate Non-executive Directors' Fees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7 Replacement of Constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8 Grant of Performance Rights under Plan to Mr Anthony McDonald	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

Step 3 Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director & Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

/ /

Date

Update your communication details (Optional)

Mobile Number

Email Address

By providing your email address, you consent to receive future Notice of Meeting & Proxy communications electronically

PPK

2 5 7 2 5 2 A



Computershare

