
FERTOZ LTD ACN 145 951 622

NOTICE OF ANNUAL GENERAL MEETING AND EXPLANATORY MEMORANDUM

Notice is hereby given that the Annual General Meeting of the Shareholders of FertoZ Ltd ACN 145 951 622 to which this Notice of Meeting relates will be held at:

TIME: 11:00 am (AEST)

DATE: Friday 23 July 2021

PLACE: Level 12, 139 Macquarie Street Sydney NSW 2000

This Notice of Meeting and Explanatory Memorandum should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting. Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 (0)3 8395 5446

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IMPORTANT INFORMATION

YOUR VOTE IS IMPORTANT

The business of the Annual General Meeting affects your shareholding and your vote is important.

VOTING ELIGIBILITY

The persons eligible to vote at the Annual General Meeting are those who are registered Shareholders at 7:00 pm (AEST), 21 July 2021.

VOTING IN PERSON

To vote in person, attend the Annual General Meeting at the time, date and place set out above.

VOTING BY PROXY

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

BUSINESS OF THE MEETING

ORDINARY BUSINESS

AUDITED FINANCIAL REPORT

To receive and consider the Financial Report and the reports of the Directors and Auditors of the Company for the financial year ended 31 December 2020.

RESOLUTION 1 – NON-BINDING RESOLUTION TO ADOPT REMUNERATION REPORT

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

“That, pursuant to and in accordance with section 250R(2) of the Corporations Act and for all other purposes, the Remuneration Report for the financial year ended 31 December 2020 be adopted.”

The Remuneration Report is set out on pages 4 - 9 of the Company's Audited Financial Statement for the year ended 31 December 2020 and is available on the Company's website www.fertoz.com within the 'Investors' section of the website and on the ASX website www.asx.com.au (ASX code: FTZ).

Note: The vote on this resolution is advisory only and does not bind the Directors or the Company.

RESOLUTION 2 - ELECTION OF MR JUSTYN STEDWELL AS A DIRECTOR OF THE COMPANY

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

“That Mr Justyn Stedwell, a director of the Company who retires in accordance with the Company's Constitution, and being eligible for election, be elected as a director of the Company with effect from the close of this Meeting.”

RESOLUTION 3 - RE-ELECTION OF MR JAMES CHISHOLM AS A DIRECTOR OF THE COMPANY

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

“That Mr James Chisholm, who retires in accordance with the Company's Constitution, and being eligible offers himself for re-election as a director of the Company, be re-elected as a director of the Company with effect from the close of this Meeting.”

RESOLUTION 4 – RATIFICATION OF PRIOR ISSUE OF ADDITIONAL SHORTFALL SHARES ISSUED UNDER ASX LISTING RULE 7.1

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

“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the allotment and prior issue of 6,602,257 Additional Shortfall Shares issued by the Company on 8 April 2021 pursuant to the Rights Issue undertaken by the Company and otherwise on the terms and conditions set out in the Explanatory Memorandum which accompanies and forms part of this Notice of Meeting.”

RESOLUTION 5 - APPROVAL OF ISSUE OF SHORTFALL SHARES TO MR JAMES CHISHOLM

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

“That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, the Shareholders of the Company approve the issue and allotment of 504,938 fully paid ordinary shares to MR James Chisholm (or his Nominees) otherwise on the terms and conditions set out in the Explanatory Memorandum which accompanies and forms part of this Notice of Meeting.”

RESOLUTION 6 - APPROVAL OF ISSUE OF SHORTFALL SHARES TO MR STUART RICHARDSON

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

“That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, the Shareholders of the Company approve the issue and allotment of 1,100,000 fully paid ordinary shares to Mr Stuart Richardson (or his Nominees) otherwise on the terms and conditions set out in the Explanatory Memorandum which accompanies and forms part of this Notice of Meeting.”

RESOLUTION 7 – ADDITIONAL CAPACITY TO ISSUE EQUITY SECURITIES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a Special Resolution:

“That, for the purposes of ASX Listing Rule 7.1A and for all other purposes, approval be given for the issue of Equity Securities of up to an additional 10% of the issued capital of the Company (at the time of the issue or the agreement to issue) calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 and on the terms set out in the Explanatory Memorandum.”

RESOLUTION 8 – APPROVAL OF ISSUE OF DIRECTOR FEE SHARES TO MR JAMES CHISHOLM, DIRECTOR OF THE COMPANY

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

“That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, the Shareholders of the Company approve the issue and allotment of 1,000,000 Shares to Mr James Chisholm, a Director of the Company (or his nominee), and otherwise on the terms and conditions set out in the Explanatory Memorandum which accompanies and forms part of this Notice of Meeting.”

RESOLUTION 9 – APPROVAL OF ISSUE OF DIRECTOR FEE SHARES TO MR STUART RICHARDSON, DIRECTOR OF THE COMPANY

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

“That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, the Shareholders of the Company approve the issue and allotment of 1,000,000 Shares to Mr Stuart Richardson, a Director of the Company (or his nominee), and otherwise on the terms and conditions set out in the Explanatory Memorandum which accompanies and forms part of this Notice of Meeting.”

RESOLUTION 10 – APPROVAL OF ISSUE OF DIRECTOR FEE SHARES TO MR PATRICK AVERY, DIRECTOR OF THE COMPANY

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

“That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, the Shareholders of the Company approve the issue and allotment of 1,000,000 Shares to Mr Patrick Avery, a Director of the Company (or his nominee), and otherwise on the terms and conditions set out in the Explanatory Memorandum which accompanies and forms part of this Notice of Meeting.”

RESOLUTION 11 – APPROVAL OF ISSUE OF DIRECTOR FEE SHARES TO MR JUSTYN STEDWELL, DIRECTOR OF THE COMPANY

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

“That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, the Shareholders of the Company approve the issue and allotment of 500,000 Shares to Mr Justyn Stedwell, a Director of the Company (or his nominee), and otherwise on the terms and conditions set out in the Explanatory Memorandum which accompanies and forms part of this Notice of Meeting.”

RESOLUTION 12 – APPROVAL OF ISSUE OF 3,000,000 SHARES TO MR PATRICK AVERY

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

“That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the issue of up to 3,000,000 Shares to Mr Patrick Avery, a Director of the Company, or his nominee, on the terms described in the Explanatory Memorandum.”

RESOLUTION 13 – APPROVAL OF GRANT OF SHARES TO DIRECTOR UNDER EMPLOYEE SHARE PLAN – MR JUSTYN STEDWELL

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

“That, for the purposes of ASX Listing Rule 10.14 and Chapter 2E of the Corporations Act and for all other purposes, approval is given for the Company to grant 350,000 Plan Shares to Mr Justyn Stedwell pursuant to the Company’s Employee Share Plan, on the terms and conditions set out in the Explanatory Memorandum.”

GENERAL BUSINESS

To consider any other business as may be lawfully put forward in accordance with the Constitution of the Company and the Corporations Act.

BY ORDER OF THE BOARD

PATRICK AVERY
CHAIRMAN
DATE: 18/06/21

VOTING EXCLUSION STATEMENT:

Important instructions for Resolution 1

In accordance with Section 250R(4) of the Corporations Act a vote on Resolution 1 must not be cast (in any capacity) by or on behalf of either of the following persons:

- a) a member of the Key Management Personnel details of whose remuneration are included in the Remuneration Report; or
- b) a Closely Related Party of such a member,
unless:
 - c) the person casts a vote on the resolution as a proxy appointed by writing that specifies how the proxy is to vote on the proposed resolution and the vote is not cast on behalf of a person described in (a) or (b) above; or
 - d) the voter is the chair of the meeting and the appointment of the chair as proxy:
 - (i) does not specify the way the proxy is to vote on the resolution; and
 - (ii) expressly authorises the chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company,and the vote is not cast on behalf of a person described in (a) or (b) above.

Any vote cast in contravention of this exclusion will be taken not to have been cast. Shareholders should be aware that any undirected proxies given to the Chair will be cast by the Chair and counted in favour of the resolutions the subject of this Meeting (even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel of the Company), subject to compliance with the Corporations Act.

Important instructions for Resolution 4

The Company will disregard any votes cast in favour of Resolution 4 by or on behalf of:

- (a) a person who participated in the issue or is a counterparty to the agreement being approved; or
- (b) an Associate of that person or those persons.

However, this does not apply to a vote cast in favour of Resolution 4 by:

- (i) a person as proxy or attorney for a person who is entitled to vote on Resolution 4, in accordance with directions given to the proxy or attorney to vote on Resolution 1 in that way; or
- (ii) the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on Resolution 4, in accordance with a direction given to the Chair of the Meeting to vote on Resolution 4 as the Chair of the Meeting decides; or
- (iii) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on Resolution 4; and
 - the holder votes on Resolution 4 in accordance with directions given by the beneficiary to the holder to vote in that way.

Important instructions for Resolution 5

The Company will disregard any votes cast in favour of Resolution 5 by or on behalf of:

- (a) a person who is to receive securities in relation to the entity;
- (b) a person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company); and
- (c) an Associate of that person or those persons described in (a) or (b).

However, this does not apply to a vote cast in favour of Resolution 5 by:

- (i) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with direction given to the proxy or attorney to vote on the Resolution in that way; or
- (ii) the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (iii) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and

- the holder vote on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Voting Prohibition Statement: In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on Resolution 5 if:

- (a) the proxy is either:
 - (i) a member of the Company's Key Management Personnel; or
 - (ii) a closely related party of a member of the Company's Key Management Personnel; and
- (b) the appointment does not specify the way the proxy is to vote on the resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair of the Meeting; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the Company's Key Management Personnel.

Important instructions for Resolution 6

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

- (d) a person who is to receive securities in relation to the entity;
- (e) a person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company); and
- (f) an Associate of that person or those persons described in (a) or (b).

However, this does not apply to a vote cast in favour of Resolution 6 by:

- (iv) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with direction given to the proxy or attorney to vote on the Resolution in that way; or
- (v) the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (vi) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - the holder vote on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Voting Prohibition Statement: In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on Resolution 6 if:

- (c) the proxy is either:
 - (i) a member of the Company's Key Management Personnel; or
 - (ii) a closely related party of a member of the Company's Key Management Personnel; and
- (d) the appointment does not specify the way the proxy is to vote on the resolution.

However, the above prohibition does not apply if:

- (c) the proxy is the Chair of the Meeting; and
- (d) the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the Company's Key Management Personnel.

Important instructions for Resolution 7

The Company will disregard any votes cast in favour of Resolution 7 by or on behalf of:

- a) a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company); or
- b) an Associate of that person or those persons.

However, this does not apply to a vote cast in favour of Resolution 7 by:

- (i) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or

- (ii) the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (iii) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Important instructions for Resolutions 8 to 11

The Company will disregard any votes cast in favour of Resolutions 8 to 11 by or on behalf of:

- (a) a person who is to receive securities in relation to the entity;
- (b) a person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company); and
- (c) an Associate of that person or those persons described in (a) or (b).

However, this does not apply to a vote cast in favour of Resolutions 8 to 11 by:

- (i) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with direction given to the proxy or attorney to vote on the Resolution in that way; or
- (ii) the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (iii) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - the holder vote on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Voting Prohibition Statement: In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on Resolutions 8 to 11 if:

- (a) the proxy is either:
 - (i) a member of the Company's Key Management Personnel; or
 - (ii) a closely related party of a member of the Company's Key Management Personnel; and
- (b) the appointment does not specify the way the proxy is to vote on the resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair of the Meeting; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the Company's Key Management Personnel.

Important instructions for Resolution 12

The Company will disregard any votes cast in favour of Resolution 12 by or on behalf of:

- (g) a person who is to receive securities in relation to the entity;
- (h) a person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company); and
- (i) an Associate of that person or those persons described in (a) or (b).

However, this does not apply to a vote cast in favour of Resolution 12 by:

- (vii) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with direction given to the proxy or attorney to vote on the Resolution in that way; or
- (viii) the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (ix) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:

- the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
- the holder vote on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Voting Prohibition Statement: In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on Resolution 12 if:

- (a) the proxy is either:
- (i) a member of the Company's Key Management Personnel; or
 - (ii) a closely related party of a member of the Company's Key Management Personnel; and
- (b) the appointment does not specify the way the proxy is to vote on the resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair of the Meeting; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the Company's Key Management Personnel.

Important instructions for Resolution 13

The Company will disregard any votes cast in favour of Resolution 13 by or on behalf of:

- (a) a person referred to in rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the Ferto Limited Employee Share Plan; or
- (b) an Associate of that person or those persons.

However, this does not apply to a vote cast in favour of Resolution 13 by:

- (i) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (ii) the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (iii) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - the holder vote on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Voting Prohibition Statement: In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on Resolution 13 if:

- (a) the proxy is either:
- (i) a member of the Company's Key Management Personnel; or
 - (ii) a closely related party of a member of the Company's Key Management Personnel; and
- (b) the appointment does not specify the way the proxy is to vote on the resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair of the Meeting; and

the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the Company's Key Management Personnel.

IMPORTANT NOTE: Shareholders should be aware that any undirected proxies given to the Chair will be cast by the Chair and counted in favour of the resolutions the subject of this Meeting (even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company), subject to compliance with the Corporations Act.

Notes

1. The Company has determined that for the purpose of determining voting entitlements at the Annual General Meeting all shares in the Company that are quoted on the ASX will be taken to be held by the persons who held them as registered shareholders at 7:00 pm (AEST) on 21 July 2021. Accordingly, share transfers registered after this time will be disregarded in determining entitlements to attend and vote at the Meeting.
2. On a poll, a member will have one vote for every fully paid ordinary Share held.
3. On a show of hands every member present has one vote (Subject to note 6 below).

4. A member entitled to attend and vote may attend and vote in person or by proxy, or attorney or (where the member is a body corporate) by representative.
5. A member who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of the member's votes each proxy is entitled to exercise. If the appointment does not specify the proportion or number of the member's votes, each proxy may exercise one half of those votes.
6. Where a member appoints two proxies, in one instrument and both are present, on a show of hands only the first named proxy may vote
7. The proxy of a member does not need to be a member of the Company.
8. Proxy forms must be signed by a member or the members attorney or, if a corporation, executed under seal or in accordance with section 127 of the Corporations Act 2001 (Cth) (if an Australian Company) or signed by an authorised officer of attorney for any overseas companies.
9. If proxy holders vote, they must cast all directed proxies as directed and any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.
10. A proxy form accompanies this Notice of Meeting and to be effective must be received by the Company's corporate registry by 11:00 am (AEST) 21 July 2021 at:

By Mail:

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

Online:

www.investorvote.com.au

Alternatively, you can fax your form to

(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only

(custodians) www.intermediaryonline.com

For all enquiries in relation to completing your proxy call Computershare on:

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

EXPLANATORY MEMORANDUM

THIS EXPLANATORY MEMORANDUM SHOULD BE READ IN ITS ENTIRETY. IF SHAREHOLDERS ARE IN DOUBT AS TO HOW THEY SHOULD VOTE, THEY SHOULD SEEK ADVICE FROM THEIR ACCOUNTANT, SOLICITOR OR OTHER PROFESSIONAL ADVISER PRIOR TO VOTING.

This Explanatory Memorandum should be read in conjunction with the Notice of Annual General Meeting to which this Explanatory Memorandum is attached and forms part of. Terms used in this Explanatory Memorandum are defined in Schedule 1 of this Explanatory Memorandum.

Audited Financial Report

Whilst the Corporations Act requires the Audited Financial Report and the reports of the Directors' and auditors' to be laid before the Annual General Meeting, neither the Corporations Act nor the Constitution of the Company requires Shareholders to vote on, approve or adopt those reports.

Shareholders will, however, have ample opportunity at the Annual General Meeting to raise questions on these reports.

Each shareholder will have had access to a copy of the Audited Financial Statements, which contains the Financial Report, Directors' Report and Auditors' Report for the financial year ended 31 December 2020.

1. **RESOLUTION 1 – NON-BINDING RESOLUTION TO ADOPT REMUNERATION REPORT**

Section 300A of the Corporations Act requires the Directors' Report to include a separately identified Remuneration Report. Listed entities are further required to submit the Remuneration Report for adoption by way of a non-binding advisory resolution at the Company's Annual General Meeting (**AGM**), in accordance with Section 250R(2) of the Corporations Act.

The Remuneration Report is set out in the Directors' Report section of the Audited Financial Statements for the financial year ended 31 December 2020. The Remuneration Report (among other things) explains the Board's policies in relation to the nature and level of remuneration paid to Directors and specified executives of the Company and sets out remuneration details for each Director and specified key executives of the Company.

Under section 250R(3) of the Corporations Act, the vote on the resolution to adopt the Remuneration Report is advisory only and does not bind the Directors of the Company.

Under the Corporations Act and pursuant to provisions known generally as the "two strikes rule", the result of the vote on this resolution may affect the Company's 2022 Annual General Meeting. If 25% or more of votes cast on this resolution are voted against the resolution (constituting the "first strike"), a resolution on whether to hold a further meeting to spill the Board (**Spill Resolution**), as required by the Corporations Act, would be put to shareholders if a "second strike" were to occur at the 2022 Annual General meeting. Such a Spill Resolution would be included in the 2022 notice of meeting. For any Spill Resolution to be passed, more than 50% of the votes cast on the resolution must be in favour of it. If a Spill Resolution is passed, the Company must hold a general meeting (**Spill Meeting**) within 90 days of the AGM. At the Spill Meeting all the Directors who were in office, other than the Managing Director, will (if they wish) need to stand for re-election at the Spill Meeting.

2. **RESOLUTION 2 - ELECTION OF MR JUSTYN STEDWELL AS A DIRECTOR OF THE COMPANY**

2.1 **Background**

Rule 20.1(c) of the Constitution of the Company and Listing Rule 14.4 provide that a Director who has been appointed by the other Directors to fill a casual vacancy or as an addition to the Board only holds office to the end of the next annual general meeting and is then eligible to stand for election at that annual general meeting.

Under clause 20.1(c) of the Company's Constitution, the Board appointed Mr Justyn Stedwell as a director of the Company as at 20 November 2020 as an addition to the Board. Accordingly, Mr Justyn Stedwell retires as a Director at the end of the forthcoming Meeting, however, being eligible, offers himself for election as a Director of the Company.

Justyn is a professional company secretary with over 14 years' experience as a secretary and 5 years' experience as a director of ASX listed companies in various industries, including mining and exploration, IT & telecommunications, biotechnology and agriculture. Justyn's qualifications include a Bachelor of Commerce (Economics and Management) from Monash University, a Graduate Diploma of Accounting at Deakin University and a Graduate Diploma in Applied Corporate Governance at the Governance Institute of Australia. He is currently Company Secretary at several ASX listed companies.

2.2 Recommendation

The Directors (other than Mr Stedwell because of his interest in this Resolution) recommend that Shareholders vote in favour of Resolution 2. The Chairman of the Meeting intends to vote available proxies in favour of this resolution.

3. RESOLUTION 3 – RE-ELECTION OF MR JAMES CHISHOLM AS A DIRECTOR OF THE COMPANY

3.1 Background

Mr. Chisholm retires pursuant to clause 20.3 of the Constitution and ASX Listing Rule 14.4 and offers himself for re-election as Director of the Company in accordance with the Company's Constitution. Information about Mr. Chisholm is set out in the Company's 2020 Financial Report.

3.2 Recommendation

The Directors (other than Mr Chisholm because of his interest in this Resolution) recommend that Shareholders vote in favour of Resolution 3. The Chairman of the Meeting intends to vote available proxies in favour of this resolution.

4. RESOLUTION 4 – RATIFICATION OF PRIOR ISSUE OF ADDITIONAL SHORTFALL SHARES ISSUED UNDER ASX LISTING RULE 7.1

4.1 Introduction

On 7 April 2021, the Company completed a Non-Renounceable Rights Issue and Shortfall offer to raise up to \$1.1 million as announced to ASX on 8 March 2020. The Company received applications for 13,569,090 Shares at \$0.05 per Share raising \$678,000 under the rights issue and 15,221,971 were applied for under the shortfall offer. Company Directors agreed to apply for an additional 1,604,938 shares raising \$80,246.90 which will be issued subject to receipt of shareholder approval under Resolutions 5 and 6.

The Company now seeks Shareholder approval to ratify the issue of 6,602,257 Additional Shortfall Shares so as to refresh the Company's 15% Capacity under Listing Rule 7.1.

4.2 ASX Listing Rules

Listing Rule 7.1 provides that an entity must not, without Shareholder approval (subject to specific exemptions), issue or agree to issue more equity securities during any 12 month period than the amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period (15% Capacity).

Listing Rule 7.4 allows Shareholders to subsequently approve an allotment of securities that were issued without Shareholder approval under Listing Rule 7.1, resulting in those securities then being retrospectively treated as having been issued with Shareholder approval under Listing Rule 7.1. The effect of this rule is to "refresh" the 15% Capacity under Listing Rule 7.1.

The Company completed the issue of 6,602,257 Shares utilising its 15% Capacity to issue securities under Listing Rule 7.1. While the approval of Resolution 4 will have no effect on the issue of the Shares, if Shareholders approve Resolution 4, it will give the

Company greater flexibility to issue further equity securities without Shareholder approval under Listing Rule 7.1.

4.3 Information required by ASX Listing Rule 7.5

For the purposes of Listing Rule 7.5, the Company provides the following information to Shareholders:

- (a) The number of securities issued was 6,602,257 Shares.
- (b) The Shares were issued at a price of A\$0.05 each.
- (c) The Shares were issued to eligible shareholders under the Rights Issue Offer detailed in the Rights Issue Offer Document dated 8 March 2021.
- (d) The funds raised were used for a 3tph (25,000tpa) granulator, working capital to secure additional orders, for implementation of and third-party accreditation of the Company's ESG strategy and carbon footprint, expenses related to the Offer and other working capital and corporate costs.
- (e) A voting exclusion statement for Resolution 4 is included in the Notice of Meeting accompanying this Explanatory Memorandum.

4.4 Directors' recommendation

The Directors unanimously recommend Shareholders vote in favour of Resolution 4.

5. RESOLUTIONS 5 AND 6 – APPROVAL OF ISSUE OF SHORTFALL SHARES TO RELATED PARTIES OF THE COMPANY

5.1 Introduction

On 7 April 2021, the Company completed a Non-Renounceable Rights Issue and Shortfall offer to raise up to \$1.1 million as announced to ASX on 8 March 2021. The Company received applications for 13,569,090 Shares at \$0.05 per Share raising \$678,000 under the rights issue and 15,221,971 were applied for under the shortfall offer. Company Directors agreed to apply for an additional 1,604,938 shares raising \$80,246.90 which will be issued subject to receipt of shareholder approval under Resolutions 5 and 6.

Accordingly, Resolutions 5 and 6 seek Shareholder approval to issue and allot 1,604,938 Fully Paid Ordinary Shares to Related Parties of the Company to raise \$80,246.90 (before costs) for general working capital and investment in the business

5.2 Listing Rule 10.11

ASX Listing Rule 10.11 provides that unless one of the exceptions in Listing Rule 10.12 applies, the Company, as a listed company, must not issue equity securities to persons in a position of influence without Shareholder approval.

A person in a position of influence for the purposes of Listing Rule 10.11 includes:

- (a) a related party;
- (b) a person who is, or was at any time in the 6 months before the issue of agreement, a substantial (30%+) holder in the Company;
- (c) a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (10%+) holder in the Company and who has nominated a director to the board of the Company pursuant to a relevant agreement which gives them a right or expectation to do so;

- (d) an Associate of a person referred to in (a) to (c) above; and
- (e) a person whose relationship with the Company or a person referred to in (a) to (d) above is such that, in the ASX's opinion, the issue or agreement should be approved by Shareholders.

Each of the Directors is a person in a position of influence for the purposes of Listing Rule 10.11. The proposed issue does not fall within any of the exceptions in Listing Rule 10.12, and therefore requires the approval of the Company's Shareholders under Listing Rule 10.11.

To this end, Resolutions 5 and 6 seek the required Shareholder approval to issue the Shortfall Shares to current Directors of the Company under and for the purposes of Listing Rule 10.11.

If approval is obtained under Listing Rule 10.11, in accordance with Listing Rule 7.2 (exception 14), separate approval is not required under Listing Rule 7.1.

If Resolutions 5 and 6 are passed, the Company will be able to proceed with the proposed issue to each of the Related Parties upon receipt of their investment proceeds.

If any of Resolutions 5 and 6 are not passed, the Company will not be able to proceed with the proposed issue to the Related Parties and will not receive the investment proceeds from the Related Party that subject of the Resolution which is not passed.

5.3 Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act prohibits the Company from giving a financial benefit to a related party of the Company unless either:

- (a) the giving of the financial benefit falls within one of the exceptions to the provisions; or
- (b) Shareholder approval is obtained prior to the giving of the financial benefit.

The proposed issue of Shares (which is a type of equity security, for the purposes of the Chapter 2E of the Corporations Act) constitutes the giving of a financial benefit.

A "related party" for the purposes of the Corporations Act and the Listing Rules is widely defined and includes a director of a public company, a spouse of a director of a public company or an entity controlled by a director of a public company. The definition of "related party" also includes a person whom there is reasonable grounds to believe will become a "related party" of a public company.

As each Messrs James Chisholm any Stuart Richardson are current Directors of the Company, they are each considered "related parties" of the Company.

For each Director for whom the issue of Shortfall Shares were considered, the other non-conflicted Directors carefully considered the proposed issue, of these Shares to Related Parties and formed the view that the giving of these financial benefits are on arm's length terms, as the Shortfall Shares are proposed to be issued on the same terms as offered to non related parties of the Company.

Accordingly, the Company considers that the issue of these Shortfall Shares to the Related Parties fall within the "arm's length terms" exception as set out in section 210 of the Corporations Act, and relies on this exception for the purposes of this Resolution. Therefore, the proposed issue of Shortfall Shares to the Related Parties requires Shareholder approval under and for the purposes of Listing Rule 10.11 only.

5.4 Information required by ASX Listing Rule 10.13

The following information in relation to the issue of the Shortfall Shares to the Related Parties is provided to Shareholders for the purposes of ASX Listing Rule 10.13:

- (a) The related parties are as follows:
 - (i) Resolution 5: James Chisholm
 - (ii) Resolution 6: Stuart Richardson
- (b) Messrs James Chisholm any Stuart Richardson are each Directors of the Company. They therefore all fall under listing rule 10.11.1 as related parties of the Company.
- (c) The maximum number of Shortfall Shares to be issued is:
 - (i) Resolution 5 (Mr James Chisholm): 504,938
 - (ii) Resolution 6 (Mr Stuart Richardson): 1,100,000
- (d) The Shortfall Shares will be fully paid on issue and rank equally in all aspects with all existing fully paid ordinary shares previously issued by the Company.
- (e) The Shortfall Shares will be issued within 1 month of Shareholder approval being obtained by the Company.
- (f) The Shortfall Shares will be offered at an issue price of \$0.05 per share
- (g) Funds raised from the issue of the Shortfall Shares will be used by the Company for a 3tph (25,000tpa) granulator, working capital to secure additional orders, for implementation of and third-party accreditation of the Company's ESG strategy and carbon footprint, expenses related to the Offer and other working capital and corporate costs.

A voting exclusion statement is contained in Resolutions 5 and 6.

5.5 Directors' recommendation

The Directors (other than Messrs James Chisholm any Stuart Richardson because of their interest in this Resolution) recommend Shareholders vote in favour of Resolutions 5 and 6.

6. RESOLUTION 7 - ADDITIONAL CAPACITY TO ISSUE EQUITY SECURITIES

6.1 Introduction

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that period.

Under Listing Rule 7.1A, however, an eligible entity can seek approval from its members, by way of a special resolution passed at its annual general meeting, to add an additional 10% capacity.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation less than the amount prescribed by ASX (currently \$300 million).

As of the date of this Notice of Meeting, the Company has a market capitalisation of approximately \$9.21 million and therefore is an eligible entity. If at the time of the Meeting the Company is no longer an eligible entity this Resolution will be withdrawn.

This Resolution seeks Shareholder approval by way of a special resolution for the Company to have the additional 10% capacity provided for in Listing Rule 7.1A to issue equity securities without Shareholder approval.

If this Resolution is passed, the Company will be able to issue equity securities up to the combined 25% limit in Listing Rules 7.1 and 7.1A without any further Shareholder approval.

If this Resolution is not passed, the Company will not be able to access the additional 10% capacity to issue equity securities without Shareholder approval provided for in Listing Rule 7.1A and will remain subject to the 15% limit on issuing equity securities without Shareholder approval set out in Listing Rule 7.1.

6.2 Information Required by ASX Listing Rule 7.3A

The following information is provided to Shareholder for the purposes of Listing Rule 7.3A.

Period for which the approval will be valid

An approval under this Listing Rule 7.1A commences on the date of the annual general meeting at which the approval is obtained and expires on the first to occur of the following:

- (a) the date which is 12 months after the date of the annual general meeting at which the approval is obtained;
- (b) the time and date of the entity's next annual general meeting; and
- (c) the time and date on which Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking).

Minimum price at which the equity securities may be issued under Listing Rule 7.1A

Any equity securities issued under Listing Rule 7.1A.2 must be an existing quoted class of the Company's equity securities and issued for cash consideration.

The issue price per equity security must not be less than 75% of the volume weighted average market price of the equity securities in that class, calculated over 15 trading days on which trades in that class were recorded immediately before:

- (a) the date on which the price at the equity securities are to be issued is agreed by the Company and the recipient of the equity securities; and
- (b) if the equity securities are not issued within 10 trading days of the date in paragraph (a), the date on which the equity securities are issued.

Purposes for which the funds raised by an issue of equity securities under Listing Rule 7.1A may be used

As noted above, any equity securities issued under Listing Rule 7.1A.2 must be issued for cash consideration. Accordingly, every issue of equity securities under Listing Rule 7.1A.2 will have an accompanying proposed use of funds at the time of issue.

As at the date of this Notice, the Company has not formed an intention to offer any equity securities under Listing Rule 7.1A during the Listing Rule 7.1A mandate period, if Shareholders approve this Resolution. However, if Shareholders approved this Resolution and the Company did raise funds from the issue of equity securities under Listing Rule 7.1A, based on the Company's existing plans, the Company considers that the funds may be used for the following purposes:

- (a) working capital to secure additional orders;
- (b) implementation of and third-party accreditation of the Company's ESG strategy and carbon footprint; and
- (c) working capital and corporate costs

Risk of economic and voting dilution to existing ordinary Securityholders

If this Resolution is approved, and the Company issues equity securities under Listing Rule 7.1A, the existing Shareholders' economic and voting power in the Company will be diluted.

There is a risk that:

- (a) the market price for the Company's equity securities in that class may be significantly lower on the issue date than on the date of the approval under Listing Rule 7.1A; and
- (b) the equity securities may be issued at a price that is at a discount (as described above) to the market price for the Company's equity securities on the issue date;

which may have an effect on the amount of funds raised by the issue of equity securities under Listing Rule 7.1A.

The table below shows the potential dilution of existing Securityholders on the basis of 3 different assumed issue prices and values for the variable "A" in the formula in rule 7.1A.2:

Notes:

Variable "A" ASX Listing Rule 7.1A.2		Potential Dilution and Funds Raised		
		\$0.025 50% decrease in issue price	\$0.050 issue prices ^(b)	\$0.100 100% increase in issue price
"A" is the number of shares on issue, being 184,112,689 Shares ^(a)	10% voting dilution ^(c)	18,411,268	18,411,268	18,411,268
	Funds raised	\$460,282	\$920,563	\$1,841,127
"A" is a 50% increase in shares on issue, being 276,169,033 Shares	10% voting dilution ^(c)	27,616,903	27,616,903	27,616,903
	Funds raised	\$690,423	\$1,380,845	\$2,761,690
"A" is a 100% increase in shares on issue, being 368,225,378 Shares	10% voting dilution ^(c)	36,822,537	36,822,537	36,822,537
	Funds raised	\$920,563	\$1,841,127	\$3,682,254

- (a) Based on the total number of fully paid ordinary Shares on issue as at 1 June 2021.
- (b) Based on the closing price of the Company's Shares on ASX as at 1 June 2021.
- (c) The table assumes that the Company issues the maximum number of ordinary Shares available to be issued under Listing Rule 7.1A.
- (d) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of issues of equity securities under Listing Rule 7.1A based on that Shareholder's holding at the date of this Explanatory Memorandum.
- (e) The table shows the effect of an issue of equity securities under Listing Rule 7.1A only, not under the Company's 15% placement capacity under Listing Rule 7.1.

Allocation policy for issues under Listing Rule 7.1A

The Company's allocation policy and the identity of the allottees of equity securities under Listing Rule 7.1A will depend on a number of factors, including:

- (a) the Company's intentions in relation to the possible issue of equity securities (for cash consideration) during the Listing Rule 7.1A mandate period;

- (b) the structure and timeframe of the capital raising opportunities available to the Company and any alternative methods for raising funds that are available to the Company (such as a pro rata offer or an offer under a share purchase plan);
- (c) the potential effect on the control of the Company;
- (d) the Company's financial position and the likely future capital requirements; and
- (e) advice from the Company's corporate or financial advisors.

Based on the Company's historical cashflow reports and capital raising activities in the past 12 months, the Company considers that it may raise funds during the Listing Rule 7.1A mandate period, although this cannot be guaranteed. As of the date of this Notice, no specific intention to issue equity securities in relation to any parties, investors or existing Securityholders have been formed. In addition, no intentions have been formed in relation to the possible number of issues, or the time frame in which the issues could be made. Subject to the requirements of the Listing Rules and the Corporations Act, the Board of Directors reserve the right to determine at the time of any issue of equity securities under Listing Rule 7.1A, the allocation policy that the Company will adopt for that issue.

If and when the determination is made to proceed with an issue of equity securities during the Listing Rule 7.1A mandate period, details regarding the allottees and purposes of issue will be disclosed pursuant to the Company's obligations under Listing Rules 3.10.3 and 7.1A.4.

Offers made under Listing Rule 7.1A may be made to parties (excluding any related parties) including professional and sophisticated investors, existing Shareholders of the Company, clients of Australian Financial Service Licence holders and/or their nominees, or any other person to whom the Company is able to make an offer of equity securities.

Issue or agreement to issue equity securities under Listing Rule 7.1A in the 12 months prior to AGM

The Company has not issued or agreed to issue any equity securities under Listing Rule 7.1A.2 in the 12 months preceding the AGM. This Resolution is a Special Resolution. For a Special Resolution to be passed, at least 75% of the votes validly cast on the resolution by Shareholders (by number of ordinary shares) must be in favour of this Resolution.

6.3 Recommendation

The Directors believe that Resolution 7 will provide the Company with flexibility to raise capital quickly if required and if advantageous terms are available and is in the best interests of the Company. The Directors unanimously recommend that Shareholders vote in favour of this Resolution.

7. RESOLUTIONS 8 TO 11 APPROVAL OF ISSUE OF DIRECTOR FEE SHARES TO DIRECTORS OF THE COMPANY

7.1 Introduction

Resolutions 8 to 11 seek Shareholder approval to issue and allot fully paid ordinary shares (**Director Fee Shares**) to current Directors of the Company, in lieu of cash Directors' fees for 2020 and 2021.

Resolutions 8 to 11 consider the issue of Director Fee Shares to current Directors of the Company. Shareholder approval for each of these Resolutions is being sought for the purposes of Listing Rule 10.13.

7.2 Listing Rule 10.11

ASX Listing Rule 10.11 provides that unless one of the exceptions in Listing Rule 10.12 applies, the Company, as a listed company, must not issue equity securities to persons in a position of influence without Shareholder approval.

A person in a position of influence for the purposes of Listing Rule 10.11 includes:

- (a) a related party;
- (b) a person who is, or was at any time in the 6 months before the issue of agreement, a substantial (30%+) holder in the Company;
- (c) a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (10%+) holder in the Company and who has nominated a director to the board of the Company pursuant to a relevant agreement which gives them a right or expectation to do so;
- (d) an Associate of a person referred to in (a) to (c) above; and
- (e) a person whose relationship with the Company or a person referred to in (a) to (d) above is such that, in the ASX's opinion, the issue or agreement should be approved by Shareholders.

Each of the Directors is a person in a position of influence for the purposes of Listing Rule 10.11. The proposed issue does not fall within any of the exceptions in Listing Rule 10.12 and therefore requires the approval of the Company's Shareholders under Listing Rule 10.11.

To this end, Resolutions 8 to 11 seek the required Shareholder approval to issue of Director Fee Shares to current Directors of the Company under and for the purposes of Listing Rule 10.11.

If approval is obtained under Listing Rule 10.11, in accordance with Listing Rule 7.2 (exception 14), separate approval is not required under Listing Rule 7.1.

If Resolutions 8 to 11 are passed, the Company will be able to proceed with the proposed issue.

If Resolutions 8 to 11 are not passed, the Company will not be able to proceed with the proposed issue.

7.3 Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act prohibits the Company from giving a financial benefit to a related party of the Company unless either:

- (a) the giving of the financial benefit falls within one of the exceptions to the provisions; or
- (b) Shareholder approval is obtained prior to the giving of the financial benefit.

The proposed issue of Director Fee Shares to Directors under Resolutions 8 through 11 (which is a type of equity security, for the purposes of the Chapter 2E of the Corporations Act) constitutes the giving of a financial benefit.

A "related party" for the purposes of the Corporations Act and the Listing Rules is widely defined and includes a director of a public company, a spouse of a director of a public company or an entity controlled by a director of a public company. The definition of "related party" also includes a person whom there is reasonable grounds to believe will become a "related party" of a public company.

As each Messrs. James Chisholm, Stuart Richardson, Patrick Avery and Justyn

Stedwell are current Directors of the Company and they are each considered “related parties” of the Company.

For each Director for whom the issue of Director Fee Shares were considered, the other non-conflicted Directors considered the proposed issue, and formed the view that the giving of the financial benefit to that Director was reasonable remuneration given the circumstances of the Company, the quantum of the Director Fee Shares (which do not represent an incentive, but reflects the actual Director fees owed to that Director), and the responsibilities held by that Director in the Company.

Accordingly, the Company considers that the issue of Director Fee Shares to each of the Directors falls within the “reasonable remuneration” exception as set out in section 211 of the Corporations Act and relies on this exception for the purposes of Resolutions 8 to 11 of this Notice of Meeting.

7.4 Information required by ASX Listing Rule 10.13

The following information in relation to the issue of the Director Fee Shares is provided to Shareholders for the purposes of ASX Listing Rule 10.13:

- (a) The related parties are as follows:
- i. Resolution 8: James Chisholm, Non-Executive Director;
 - ii. Resolution 9: Stuart Richardson, Non-Executive Director;
 - iii. Resolution 10: Patrick Avery, Executive Chairman; and
 - iv. Resolution 11: Justyn Stedwell, Non-Executive Director.
- (b) The maximum number of Director Fee Shares to each Director (or their nominee) is as follows and in consideration for directors’ fees (in lieu of cash payment):
- i. Resolution 8 (Mr Chisholm): 1,000,000;
 - ii. Resolution 9 (Mr Richardson): 1,000,000;
 - iii. Resolution 10 (Mr Avery): 1,000,000; and
 - iv. Resolution 11 (Mr Stedwell): 500,000;
- (c) In 2020 the remuneration received by each of the Directors who is proposed to receive Director Fee Shares under Resolutions 8 to 11 is as follows:

Name	Salary and fees received for the year ended 31 December 2020 for Directors
James Chisholm	\$12,000
Stuart Richardson	\$12,000
Patrick Avery	\$241,161
Justyn Stedwell*	-

Note: Justyn Stedwell was appointed as a Director of the Company on 20 November 2020. Justyn Stedwell is entitled to Company Secretary Fees of \$3,025 per month and Director’s fees of \$25,000 per annum inclusive of GST. James Chisholm, Stuart Richardson and Justyn Stedwell have not received any directors’ fees to date in 2021. Patrick Avery’s current cash remuneration is US\$150,000 per annum.

- (d) The Director Fee Shares will be fully paid on issue and rank equally in all aspects with all existing fully paid ordinary shares previously issued by the Company.
- (e) The Director Fee Shares will be issued within 1 month of Shareholder approval being obtained by the Company (or otherwise, as determined by the ASX in the exercise of their discretion).

- (f) The Director Fee Shares will be offered at a deemed issue price of \$0.05, being the issue price under the Non-Renounceable Rights Issue.
- (g) No funds will be raised by the issue of the Director Fee Shares. As detailed above, the purpose of the issue of Director Fee Shares is to preserve cash resources of the Company in lieu of cash payments for Director fees.
- (h) The Director Fee Shares are not being issued under an agreement.

8. RESOLUTION 12 – APPROVAL OF ISSUE OF 3,000,000 SHARES TO MR PATRICK AVERY

8.1 Background

The Company proposes to issue 3,000,000 Shares with performance based vesting hurdles to Mr Patrick Avery and/or his nominee on the terms and conditions set out below. The issuance of shares to executives as a form of incentive-based remuneration is common practice in listed companies and further encourages and rewards efforts by directors to improve the performance of their company for the commercial benefit of all shareholders.

The Board believes it is important to offer these Shares to continue to attract and maintain highly experienced and qualified Board members and executives in a competitive market (in a way that allows the Company to utilise its available cash for other preferred purposes).

8.2 Chapter 2E of the Corporations Act

Pursuant to Chapter 2E of the Corporations Act, a public company cannot give a 'financial benefit' to a 'related party' unless one of the exceptions set out in Sections 210 to 216 of the Corporations Act apply, or shareholders have in a general meeting approved the giving of that financial benefit to that related party. The issue of Shares to Mr Patrick Avery (or his nominee) constitutes giving a financial benefit and Mr Patrick Avery is a related party by virtue of being a Director.

The Directors (other than Mr Patrick Avery who has a material personal interest in Resolution 12) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue of Shares to Mr Patrick Avery because the Shares form part of Patrick's remuneration as an executive officer of the Company and the remuneration is reasonable given Patrick's circumstances and the circumstances of the Company.

Given the speculative nature of the Company's activities, the performance of the Directors and the performance and value of the Company are closely related. As such, the Shares granted are intended to provide reward and incentive for future services provided to the Company to further the progress of the Company and to deliver growth and Shareholder value. In the Company's circumstances, the Directors considered that the allotment of the Shares to Mr Patrick Avery provides a cost effective and efficient incentive as opposed to alternative forms of incentives (such as cash bonuses or increased salary or board fees).

Accordingly, approval will not be sought under Chapter 2E for the issue of these Shares to Mr Patrick Avery as the issue of the Shares constitutes 'reasonable remuneration' in accordance with Section 211 of the Corporations Act.

8.3 ASX Listing Rule 10.11

Notwithstanding that approval will not be sought from Shareholders under Chapter 2E of the Corporations Act, under ASX Listing Rule 10.11, shareholder approval is required for the issue of any equity securities to a related party of a listed company. Once approval is obtained pursuant to Listing Rule 10.11, the Company is entitled to rely on Listing Rule 7.2 (Exception 14) as an exception to any requirement that may otherwise apply requiring Shareholder approval under Listing Rule 7.1. Therefore, the issue of Shares to Mr Patrick Avery under Resolution 12 (if passed) will not reduce any of the Company's 15% Capacity under Listing Rule 7.1.

8.4 Information required by ASX Listing Rule 10.13

In compliance with the information requirements of Listing Rule 10.13, Shareholders are advised of the following particulars of the allotment and issue contemplated by Resolution 12:

Maximum number of securities to be issued	3,000,000 Shares								
Date of issue	If Shareholder approval is obtained, the issue of the Shares will occur no later than one month after the date of the Annual General Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules).								
Issue price per security	No funds will be received upon issue of the Shares (unless the Company provides a loan to Mr Patrick Avery to acquire the Shares, and that loan is repaid by Mr Patrick Avery – see below).								
Terms of issue	<p>The Shares are subject to the corresponding performance hurdles as set out below (Performance Hurdles). The Performance Hurdles must be satisfied at any time between the date of issue of the Shares and the relevant expiry date before the Shares can be sold, transferred, or encumbered by Mr Patrick Avery (or his nominee).</p> <p>Where a Performance Hurdle is not satisfied by the relevant expiry date (or in the opinion of the Board, becomes incapable of being satisfied), or Mr Patrick Avery has ceased to act as a Director of the Company before the relevant expiry date (and the relevant Performance Hurdle has not been satisfied before that expiry date), then the Shares will be forfeited and sold by the Company as agent for Mr Patrick Avery and the proceeds will then be retained by the Company.</p> <p>The Company Share prices associated with each Performance Hurdle will be based on on-market trading occurring through the ASX.</p> <table border="1" data-bbox="582 1910 1308 2145"> <thead> <tr> <th>No of Shares</th> <th>Expiry Date</th> <th>Performance Hurdle</th> </tr> </thead> <tbody> <tr> <td>1,000,000</td> <td>1 June 2024</td> <td>The Company Share price exceeding 10 cents at all times for 10 consecutive trading days</td> </tr> </tbody> </table>			No of Shares	Expiry Date	Performance Hurdle	1,000,000	1 June 2024	The Company Share price exceeding 10 cents at all times for 10 consecutive trading days
No of Shares	Expiry Date	Performance Hurdle							
1,000,000	1 June 2024	The Company Share price exceeding 10 cents at all times for 10 consecutive trading days							

	1,000,000	1 June 2024	The Company Share price exceeding 15 cents at all times for 10 consecutive trading days
	1,000,000	1 June 2024	The Company Share price exceeding 20 cents at all times for 10 consecutive trading days
Persons to whom securities will be issued	Mr. Patrick Avery (a director of the Company), or his nominee.		
Intended use of funds	No funds will be raised from the issue of these Shares unless the Shares are forfeited and sold by the Company as a result of a Performance Hurdle not being satisfied (or being incapable of satisfaction) or unless any loan provided in respect of the acquisition of the Shares (if applicable) is repaid. It is intended that funds raised (if any) will be used for working capital purposes.		

8.5 Additional information

Mr. Patrick Avery's remuneration package for the financial year ending 30 December 2020 (FY20) and 30 December 2021 (FY21) are expected to consist of the following components:

	FY21	FY20
Fees/salary	Current base salary is US\$207,000. Although the shareholders approved an increase in the salary to US\$240,000, at Mr Avery's request, the salary remained at US\$207,000 per annum for the first three months and was reduced to USD150,000 thereafter.	Consultancy fees of US\$207,000 per annum.
Additional fees	If Mr Patrick Avery is required to provide services to the Company on more than 15 days during any month (or 17 days on and from 1 January 2019) (based on an 8-hour day), a related entity of Mr Patrick Avery is entitled to receive additional fees of up to US\$950 for each additional day.	If Mr Patrick Avery is required to provide services to the Company on more than 15 days during any month (or 17 days on and from 1 January 2019) (based on an 8-hour day), a related entity of Mr Patrick Avery is entitled to receive additional fees of up to US\$950 for each additional day.

Security based incentives	The 3,000,000 Shares contemplated by Resolution 12.	Nil
Other	The Company will also reimburse Mr Patrick Avery for all reasonable travel expenses incurred in the performance of his duties.	The Company will also reimburse Mr Patrick Avery for all reasonable travel expenses incurred in the performance of his duties.

Mr Patrick Avery's existing interests in Fertoz is 2,107,143 Shares.

There are currently 184,112,689 Shares on issue. The dilutionary effect of the issue of 3,000,000 Shares under Resolution 12 would be 1.6%.

The Directors do not consider that there are any significant opportunity costs or taxation consequences for the Company (or benefits foregone by the Company) as a result of the issuance of the Shares to Mr Patrick Avery in accordance with Resolution 12.

If after obtaining professional advice it is determined that it would be preferable for Mr Patrick Avery to pay for the Shares, a loan may be offered to Mr Patrick Avery by the Company to acquire the Shares on the following terms:

- (a) the loan will be interest free;
- (b) the loan made available to Mr Patrick Avery will be applied by the Company directly toward payment of the issue price of the Shares;
- (c) the loan repayment date and the manner for making such payments will be determined by the Board and set out in a loan agreement;
- (d) the Company will have a lien over the Shares in respect of which any loan is outstanding and the Company will be entitled to sell those Shares;
- (e) the loan will be non-recourse (except against the Shares held by Mr Patrick Avery to which the loan relates); and
- (f) the Board may, in its absolute discretion, agree to forgive the loan.

8.6 Directors' recommendation

Mr Patrick Avery has a personal interest in the outcome of Resolution 12 on the basis that he (or his nominee) will be issued Shares if Resolution 12 is passed. The remaining Directors do not have a personal interest in the outcome of Resolution 12. However, in accordance with good corporate governance practice, the remaining Directors abstain from making a recommendation on how to vote on Resolution 12 because the Resolution relates to another Director's remuneration.

9. RESOLUTION 13 – APPROVAL OF GRANT OF SHARES TO DIRECTOR UNDER EMPLOYEE SHARE PLAN – MR JUSTYN STEDWELL

9.1 Introduction

The Fertoz Limited Employee Share Plan (Incentive Plan) was last approved by Shareholders of the Company on 9 June 2020.

The Company seeks to invite Justyn Stedwell, Director and Company Secretary of the Company, to participate in the Incentive Plan by subscribing for 350,000 Shares under the Incentive Plan (Incentive Shares). The Incentive Shares are intended to reward and incentivise Justyn Stedwell in his role of Company Secretary.

Shareholder approval is sought under this Resolution for the issue of 350,000 Incentive Shares to Justyn Stedwell.

9.2 Director and Related Party Approvals

ASX Listing Rule 10.14 provides that a listed company must not permit any of the following persons to acquire securities under an employee incentive scheme unless it obtains the approval of its shareholders:

- (a) a director of the Company;
- (b) an associate of a director of the Company; or
- (c) a person whose relationship with the Company or a person referred to in Listing Rule 10.14.1 or 10.14.2 is such that, in ASX's opinion, the acquisition should be approved by its shareholders.

As Justyn Stedwell is also a director of the Company, the proposed issue of Incentive Shares constitutes the acquisition of securities under an employee incentive scheme for the purposes of Listing Rule 10.14 and therefore requires the approval of the Company's shareholders under Listing Rule 10.14.

To this end, this Resolution seeks the required Shareholder approval to issue the Incentive Shares to Justyn Stedwell under and for the purposes of Listing Rule 10.14.

If approval is obtained under Listing Rule 10.14, in accordance with Listing Rule 10.12 (exception 8), separate approval is not required under Listing Rule 10.11.

If this Resolution is passed, the Company will be able to proceed with the proposed issue of Incentive Shares under the Incentive Plan.

If this Resolution is not passed, the Company will not be able to proceed with the issue of Incentive Shares under the Incentive Plan and the Company will need to consider increasing Mr Stedwell's Company Secretary fees, as these Incentive Shares, have been included in Mr Stedwell's remuneration structure to appropriately align Mr Stedwell's incentive with that of the Company.

9.3 Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act prohibits the Company from giving a financial benefit to a related party of the Company unless either:

- (a) the giving of the financial benefit falls within one of the exceptions to the provisions; or
- (b) Shareholder approval is obtained prior to the giving of the financial benefit.

The proposed issue of Incentive Shares constitutes the giving of a financial benefit.

A "related party" for the purposes of the Corporations Act and the Listing Rules is widely defined and includes a director of a public company, a spouse of a director of a public company or an entity controlled by a director of a public company. The definition of "related party" also includes a person whom there is reasonable grounds to believe will become a "related party" of a public company.

The non-conflicted Directors of the Company (being Messrs. James Chisholm, Stuart Richardson and Patrick Avery) carefully considered the issue of these Incentive Shares to Mr Stedwell, and formed the view that the giving of this financial benefit as part of their remuneration would be reasonable, given the circumstances of the Company, the quantum and terms of the Incentive Shares, and the responsibilities held Mr Stedwell in the Company.

Accordingly, the non-conflicted Directors of the Company believe that the issue of these Incentive Shares to Mr Stedwell fall within the "reasonable remuneration" exception as set out in section 211 of the Corporations Act, and rely on this exception for the purposes of this Resolution.

9.4 Information Required by ASX Listing Rule 10.15

The following information in relation to the issue of Incentive Shares to Mr Stedwell, a Director of the Company is provided to Shareholders for the purposes of ASX Listing Rule 10.15:

- (a) The recipient is Justyn Stedwell, a Director of the Company.
- (b) Mr Stedwell falls within Listing Rule 10.14.1 (director of the Company) as he is a current Director of the Company.
- (c) The maximum number of Incentive Shares under the Incentive Plan to be issued to Mr Stedwell (or his nominee) is 350,000.
- (d) Details of Mr Stedwell's current total remuneration package is as follows:
 - i. Directors' fees: \$25,000 per annum inclusive of GST
 - ii. Company Secretary Fees: \$36,300 per annum inclusive of GST
- (e) Mr Stedwell has previously received a total of 350,000 Shares under the Incentive Plan.
- (f) The Incentive Shares will be fully paid on issue and rank equally in all aspects with all existing fully paid ordinary shares previously issued by the Company.
- (g) If approved by Shareholders of the Company, the Incentive Shares will be issued to Mr Stedwell (or his nominee) no later than 3 years after the date of the Meeting;
- (h) The Incentive Shares will be issued for nil cash consideration and accordingly, have a nil issue Price;
- (i) Details of any securities issued under the Incentive Plan will be published in each annual report of the Company relating to a period which securities have been issued, and that approval for the issue of securities was obtained under ASX Listing Rule 10.14. Any additional persons who become entitled to participate in the Incentive Plan after the resolution was approved and who were not named in the notice of meeting will not participate until approval is obtained under ASX Listing Rule 10.14.
- (j) The decision to offer Shares (as opposed to other types of equity securities) was made after considering past issues made by the Company under employee incentive schemes. The Company considers that the offer of these Shares ensures consistency with past practices by the Company and its management. Given the relatively small amount of Shares being offered, the Company has not obtained an independent valuation of the Incentive Shares.

Schedule 1 - Glossary

\$ means Australian dollars.

Annual General Meeting or **Meeting** means the meeting convened by the Notice.

ASX means ASX Limited ACN 008 624 691 or the securities exchange operated by it (as the case requires).

ASX Listing Rules or **Listing Rules** means the Listing Rules of ASX.

Board means the current board of Directors of the Company.

Chair means the chairperson of the General Meeting.

Closely Related Party has the meaning given to that term in the Corporations Act and, in relation to a member of the Key Management Personnel, includes:

- a spouse or child of that member;
- a child of that member's spouse;
- a dependant of that member or of that member's spouse;
- anyone else who is one of that member's family and may be expected to influence that member, or be influenced by that member, in that member's dealings with the Company (or its controlled entities);
- a company that member controls; and
- any person prescribed by the *Corporations Regulations 2001* (Cth).

Company means Ferto Ltd ACN 145 951 622.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the current directors of the Company.

Directors' Report means the annual directors' report prepared under chapter 2M of the Corporations Act for the Company and its controlled entities.

Explanatory Memorandum means the Explanatory Memorandum accompanying the Notice.

Financial Report means the Company's Audited Financial Report for the financial year ended 31 December 2020.

Key Management Personnel has the same meaning as in the accounting standards and broadly includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, whether directly or indirectly, including any director (whether executive or otherwise) of the Company.

Notice, Notice of Meeting or **Notice of General Meeting** means this notice of general meeting including the Explanatory Memorandum and the Proxy Form.

Proxy Form means the proxy form accompanying the Notice.

Remuneration Report means the remuneration report of the Company contained in the Directors' Report of the Financial Report.

Resolutions means the resolutions set out in the Notice of Meeting, or any one of them, as the context requires.

Schedule means a schedule to this Notice.

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

Shareholder means a holder of a Share.

Special Resolution means is passed by at least 75% of the votes cast by Members entitled to vote on the resolution and present at the meeting (in person, by proxy, attorney or representative).

VWAP means volume weighted average price.

Words importing the singular include the plural and vice versa

Fertoz Limited

ACN 145 951 622

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 **11:00 am (AEST) on Wednesday, 21 July 2021.**

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.

PARTICIPATING IN THE MEETING

Corporate Representative

If a representative of a corporate securityholder or proxy is to participate in the meeting you will need to provide the appropriate "Appointment of Corporate Representative". 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



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.

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.

Proxy Form

Please mark to indicate your directions

Step 1 Appoint a Proxy to Vote on Your Behalf

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

the Chair of the Meeting **OR**

PLEASE NOTE: Leave this box blank if you have selected the Chair 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 Chair 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 Ferto Limited to be held at Level 12, 139 Macquarie Street, Sydney, NSW 2000 on Friday, 23 July 2021 at 11:00 am (AEST) and at any adjournment or postponement of that meeting.

Chair authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chair of the Meeting as my/our proxy (or the Chair becomes my/our proxy by default), I/we expressly authorise the Chair to exercise my/our proxy on Resolutions 1, 5, 6 and 8 - 13 (except where I/we have indicated a different voting intention in step 2) even though Resolutions 1, 5, 6 and 8 - 13 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chair.

Important Note: If the Chair of the Meeting is (or becomes) your proxy you can direct the Chair to vote for or against or abstain from voting on Resolutions 1, 5, 6 and 8 - 13 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		For	Against	Abstain
1	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	8	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	9	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	10	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	11	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	12	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	13	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				

The Chair of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chair 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 Securityholder 2 Securityholder 3 / /
 Sole Director & Sole Company Secretary Director 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

