

AUSTRALIAN RARE EARTHS LIMITED

ACN 632 645 302

NOTICE OF ANNUAL GENERAL MEETING EXPLANATORY MEMORANDUM

Date of Meeting

Friday, 26 November 2021

Time of Meeting

2:00 pm (Adelaide time)

Place of Meeting

Offices of Grant Thornton Australia Limited
Level 3, 170 Frome Street
Adelaide, South Australia

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisors prior to voting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary, Mr Damien Connor, on (+61 8) 8274 2127.

Shareholders who are unable to attend the Annual General Meeting, are encouraged to lodge their proxy forms online at: www.investorvote.com.au, or by mail, in accordance with instructions contained on the proxy form and within this Notice of Meeting.

Australian Rare Earths Limited

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Shareholders of Australian Rare Earths Limited (ACN 632 645 302) (**Company**) will be held at the Offices of Grant Thornton Australia Limited Level 3, 170 Frome Street, Adelaide, South Australia on Friday, 26 November 2021 at 2.00 pm (Adelaide time). The business to be considered at the Meeting is set out below.

COVID and attendance at the Meeting

The Board is acutely aware of the changing nature of circumstances resulting from COVID-19 and the impact it may have on physical meetings. The Board has made the decision that it will hold a physical Meeting with the appropriate social gathering and physical distancing measures in place to comply with the State and Federal Government's current restrictions for physical gatherings.

The Board will continue to monitor Australian Government restrictions on public gatherings. If it becomes necessary or appropriate to make alternative arrangements to those set out in this Notice, the Company will notify Shareholders accordingly via the Company's website at www.ar3.com.au and the ASX announcements platform.

The Directors strongly encourage all Shareholders to lodge proxy forms prior to the Meeting. Shareholders can lodge their proxies online at www.investorvote.com.au or otherwise returning a completed proxy form. Instructions on how to complete a proxy form are set out in the Explanatory Memorandum. Proxy forms must be received by no later than 2:00 pm (Adelaide time) on Wednesday, 24 November 2021.

If you have elected to receive notices from the Company electronically, then your personalised proxy form will be emailed to you. For other Shareholders, a copy of your personalised proxy form will be sent to you by mail.

The Company advises that a poll will be conducted for voting on all Resolutions being considered at the Meeting.

Shareholders who are unable to attend the Annual General Meeting, are encouraged to lodge their proxy forms online at: www.investorvote.com.au, or by mail, in accordance with instructions contained on the proxy form and within this Notice of Meeting.

Questions

Shareholders will have an opportunity to ask questions on the items of business during the Meeting, including an opportunity to ask questions of the Company's Auditor, Grant Thornton.

Shareholders are encouraged to submit any written questions ahead of the AGM relating to the business of the meeting, including questions for the Company's Auditor, Grant Thornton. Questions for the Company's Auditor must relate to the content of the Auditor's report or the conduct of the audit of the Financial report.

Written questions must be received by the Company no later than 5.00pm (Adelaide time) on Friday, 19 November 2021. You can send any written questions to:

Mail: to 'Australian Rare Earths Limited AGM' at Level 10, 111 Gawler Place, Adelaide, SA, 5000

Email: hello@ar3.com.au

The Chair will endeavour to address as many of the more frequently raised relevant questions as possible during Meeting. However, there may not be sufficient time available at the Meeting to address all of the questions raised. Please note that individual responses will not be sent to Shareholders.

Other Company documents and how to update your communication preferences

- A copy of the Company's 2021 Annual Report is available online at the Company's website www.ar3.com.au.
- In order to receive shareholder communications from the Company electronically, instead of by post, go to www.investorcentre.com.au to register your details and update your communication preferences.

The Explanatory Memorandum to this Notice of Meeting provides additional information on matters to be considered at the Meeting.

The Explanatory Memorandum and proxy form comprise part of this Notice of Meeting. Shareholders are urged to vote by completing and lodging their proxies online at www.investorvote.com.au or otherwise returning a completed proxy form., by no later than 2:00pm (Adelaide time) on Wednesday, 24 November 2021.

Terms and abbreviations used in the Notice of Meeting and Explanatory Memorandum are defined in the Glossary of the Explanatory Memorandum.

AGENDA

The Explanatory Memorandum that accompanies and forms a part of this Notice of Annual General Meeting describes the matters to be considered at the Meeting.

GENERAL BUSINESS

FINANCIAL STATEMENTS AND REPORT

To receive and consider the Financial Report for the year ended 30 June 2021 and the reports of the Directors and Auditor, as set out in the 2021 Annual Report.

ORDINARY BUSINESS

RESOLUTION 1 – REMUNERATION REPORT

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

‘That the Remuneration Report for the year ended 30 June 2021 as set out in the 2021 Annual Report be adopted.’

Note: This resolution is advisory only and does not bind the Company or the Directors.

RESOLUTION 2 – ELECTION OF DUDLEY KINGSNORTH AS A DIRECTOR

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

‘That Dudley Kingsnorth be elected as a Non-Executive Director of the Company.’

RESOLUTION 3 – ELECTION OF BRYN JONES AS A DIRECTOR

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

‘That Bryn Jones be elected as a Non-Executive Director of the Company.’

RESOLUTION 4 – ELECTION OF RICKIE POBJOY AS A DIRECTOR

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

‘That Rickie Pobjoy be elected as an Executive Director of the Company.’

RESOLUTION 5 – RE-ELECTION OF PAULINE CARR AS A DIRECTOR

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

‘That Pauline Carr be re-elected as a Non-Executive Director of the Company.’

RESOLUTION 6 – APPROVAL TO ISSUE SHARES TO MANAGING DIRECTOR DONALD HYMA

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

‘To approve the issue of 308,261 fully paid ordinary shares to Donald Hyma, the Managing Director of the Company, or his nominee, as described in the Explanatory Memorandum.’

RESOLUTION 7 – APPROVAL TO ISSUE UNLISTED OPTIONS TO DIRECTOR DUDLEY KINGSNORTH

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

‘Subject to the passing of Resolution 2, to approve the grant of 500,000 unlisted options to Dudley Kingsnorth, a Non-Executive Director and Chair of the Company, or his nominee, as described in the Explanatory Memorandum.’

RESOLUTION 8 – APPROVAL TO ISSUE UNLISTED OPTIONS TO DIRECTOR PAULINE CARR

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

‘Subject to the passing of Resolution 5, to approve the grant of 600,000 unlisted options to Pauline Carr, a Non-Executive Director of the Company, or her nominee, as described in the Explanatory Memorandum.’

RESOLUTION 9 – APPROVAL TO ISSUE UNLISTED OPTIONS TO DIRECTOR RICKIE POBJOY

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

‘Subject to the passing of Resolution 4, to approve the grant of 2,000,000 unlisted options to Rickie Pobjoy, an Executive Director of the Company, or his nominee, as described in the Explanatory Memorandum.’

RESOLUTION 10 – APPROVAL TO ISSUE UNLISTED OPTIONS TO MANAGING DIRECTOR DONALD HYMA

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

‘To approve the grant of 4,000,000 unlisted options to Donald Hyma, the Managing Director of the Company, or his nominee, as described in the Explanatory Memorandum.’

RESOLUTION 11 – APPOINTMENT OF AUDITOR

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

‘That Grant Thornton Audit Pty Ltd, of Level 3, 170 Frome Street, Adelaide, South Australia, having been duly nominated by a shareholder of the Company and having consented in writing to act, be appointed as the auditor of the Company.’

SPECIAL BUSINESS

RESOLUTION 12 – APPROVAL OF 10% ADDITIONAL PLACEMENT CAPACITY

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

‘That, for the purpose of Listing Rule 7.1A, approval is given for the Company to issue Equity Securities totalling up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions set out in the accompanying Explanatory Memorandum.’

VOTING EXCLUSIONS

RESOLUTION 1 (REMUNERATION REPORT)

For the purposes of the Corporations Act, a person appointed as a proxy must not vote (in any capacity), on the basis of that appointment, on Resolution 1 if:

- the person is either:
 - a member of the Key Management Personnel for the Company or, if the Company is part of a consolidated entity, for the entity; or
 - a Closely Related Party of such a member; and
- the appointment does not specify the way the proxy is to vote on the Resolution.

However, the Company will not disregard a vote if:

- the person is the Chair of the Meeting at which the Resolution is voted on; and
- the appointment 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 or, if the Company is part of a consolidated entity, for the entity.

RESOLUTION 6 (APPROVAL TO ISSUE SHARES TO MANAGING DIRECTOR DONALD HYMA)

For the purposes of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on Resolution 6 if:

- the person is either:
 - a member of the Key Management Personnel for the Company or, if the Company is part of a consolidated entity, for the entity; or
 - a Closely Related Party of such a member; and
- the appointment does not specify the way the proxy is to vote on the Resolution.

However, the Company will not disregard a vote if:

- the person is the Chair of the Meeting at which the Resolution is voted on; and
- the appointment 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 or, if the Company is part of a consolidated entity, for the entity.

For the purposes of the Listing Rules, the Company will disregard any votes cast in favour of Resolution 6 by or on behalf of Mr Donald Hyma (or his nominee) and any other 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 associates of those persons.

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

- 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
- 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
- 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.

RESOLUTION 7 (APPROVAL TO ISSUE UNLISTED OPTIONS TO DIRECTOR DUDLEY KINGSNORTH); RESOLUTION 8 (APPROVAL TO ISSUE UNLISTED OPTIONS TO DIRECTOR PAULINE CARR; RESOLUTION 9 (APPROVAL TO ISSUE UNLISTED OPTIONS TO DIRECTOR RICKIE POBJOY; AND RESOLUTION 10 (APPROVAL TO ISSUE UNLISTED OPTIONS TO MANAGING DIRECTOR DONALD HYMA)

For the purposes of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on Resolution 7, 8, 9 or 10 if:

- the person is either:
 - a member of the Key Management Personnel for the Company or, if the Company is part of a consolidated entity, for the entity; or
 - a Closely Related Party of such a member; and
- the appointment does not specify the way the proxy is to vote on the Resolution.

However, the Company will not disregard a vote if:

- the person is the Chair of the Meeting at which the Resolution is voted on; and
- the appointment 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 or, if the Company is part of a consolidated entity, for the entity.

For the purposes of the Listing Rules, the Company will disregard any votes cast in favour of Resolution 7, 8, 9 or 10 by or on behalf of a person (and their associates) who is to receive securities in relation to the Company if the relevant resolution is passed:

- in the case of Resolution 7, Mr Dudley Kingsnorth (or his nominee) and an associate of that person or those persons;
- in the case of Resolution 8, Ms Pauline Carr (or her nominee) and an associate of that person or those persons;

- in the case of Resolution 9, Mr Rickie Pobjoy (or his nominee) and an associate of that person or those persons; and
- in the case of Resolution 10, Mr Donald Hyma (or his nominee) and an associate of that person or those persons.

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

- 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
- 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
- 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.

RESOLUTION 12 (APPROVAL OF 10% ADDITIONAL PLACEMENT CAPACITY)

For the purposes of the Listing Rules, the Company will disregard any votes cast in favour of Resolution 12 by or on behalf of any person who may participate in the proposed issue, or who might obtain a benefit (other than a benefit solely in the capacity of a holder of Shares) if Resolution is passed, and any associates of such person.

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

- 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
- 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
- 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.

As at the date of this Notice of Meeting the Company has no specific plans to issue Equity Securities pursuant to Listing Rule 7.1A or under Resolution 12 (if approved), therefore it is not known who (if any) may participate in a potential (if any) issue of Equity Securities under Listing Rule 7.1A (if approved).

VOTING, PROXIES AND QUESTIONS

VOTING BY PROXY

A Shareholders are encouraged to lodge proxy forms prior to the Meeting in accordance with the instructions contained on the proxy form and within this Notice of Meeting as detailed below.

Appointment of proxies and corporate representatives

A Shareholder entitled to attend and vote is entitled to appoint up to two proxies. A proxy need not be a Shareholder and may be either an individual or a body corporate.

If a Shareholder is a corporation, it can attend and vote at the meeting by appointing an individual person to act as its corporate representative or by appointing a proxy to attend and vote on its behalf. A Shareholder that is a body corporate, or a proxy who is a body corporate, will need to ensure that it appoints an individual as its corporate representative to exercise its powers at the Meeting and provides satisfactory evidence of the appointment of its corporate representative prior to commencement of the meeting.

Where a Shareholder wishes to appoint two proxies, they can do so online at www.investorvote.com.au. A Shareholder appointing two proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a Shareholder appoints two proxies but fails to specify the proportion or number of votes that each may exercise, each proxy appointed may exercise half the Shareholder's votes. Fractions of votes are to be disregarded. If your proxy chooses to vote, they must vote in accordance with your directions. If you have directed your proxy to vote, and they do not participate in the meeting or choose not to vote on a poll, then the Chair of the Meeting will become your proxy by default and vote your proxies as directed by you (subject to applicable voting restrictions).

Subject to the voting restrictions set out below, if you do not direct your proxy to vote by marking the relevant box on the proxy form, your proxy may vote as they choose on that item of business.

If your proxy does not participate in the meeting, the Chair will become your proxy by default. The Chair intends to vote all available proxies in accordance with the Board recommendations set out in the Explanatory Memorandum accompanying this Notice of Annual General Meeting.

Generally, the Key Management Personnel (KMP) of the Company (which includes each of the Directors) and their Closely Related Parties will not be able to vote your proxy on Resolutions 1, 6, 7, 8, 9 and 10 unless you have directed them how to vote or you have appointed the Chair as your proxy. The circumstances in which KMP will be excluded from voting on Resolutions 1, 6, 7, 8, 9 and 10 are set out above under the heading 'Voting Exclusions'.

Generally, each Director and their respective associates will not be able to vote your proxy in favour of Resolutions in which the respective Director or their associated have an interest (being Resolutions 6 and 10 for Donald Hyma, Resolution 7 for Dudley Kingsnorth, Resolution 8 for Pauline Carr, and Resolution 9 for Rickie Pobjoy) unless you have directed them how to vote or you have appointed the Chair as your proxy. The circumstances in which Directors and their respective associates will be excluded from voting in favour of Resolutions 6, 7, 8, 9 and 10 are set out above under the heading 'Voting Exclusions'.

If you intend to appoint a member of the KMP as your proxy, please ensure that you direct them how to vote on Resolution 1, 6, 7, 8, 9 and 10. If you intend to appoint the Chair of the Meeting as your proxy, you can direct the Chair how to vote on Resolutions 1, 6, 7, 8, 9 and 10 by marking the relevant boxes on the proxy form. However, if the Chair of the Meeting is your proxy (or becomes your proxy by default) and you do not mark any of the boxes opposite Resolutions 1, 6, 7, 8, 9 and 10, by completing and submitting the proxy form you will be deemed to have expressly authorised the Chair to vote as the Chair decides.

To be valid, the proxy form, and any authority under which the form is signed, must be received by the Company or the Company's Share Registry prior to 2.00 pm (Adelaide time) on Wednesday, 24 November 2021.

Voting by Attorney

A Shareholder entitled to attend and vote, may appoint an attorney to act on his or her behalf at the Meeting. An attorney may, but need not, be a Shareholder of the Company.

An attorney may not vote at the Meeting unless the instrument appointing the attorney, and the authority under which the instrument is signed or a certified copy of the authority, are received by the Company in the same manner, and by the same time, as outlined above for proxy forms.

Proxy Lodgement

Proxies are able to be lodged by the following means:

- Online: Enter the control number, SRN/HIN and postcode shown on the first page of your proxy form at **www.investorvote.com.au**
- Mail: Australian Rare Earths Limited C/- Computershare Investor Services Pty Limited GPO Box 242 Melbourne VIC 3001 Australia; or
- Fax: Australian Rare Earths Limited C/- Computershare Investor Services Pty Limited (within Australia) 1800 783 447 (outside Australia) +613 9473 2555.
- Custodian Voting: Custodian Voting is available for Intermediary Online subscribers only (Custodians) by visiting **www.intermediaryonline.com** to submit your voting intentions.

To be valid, the proxy form, and any authority under which the form is signed, must be received by the Company or the Company's Share Registry prior to 2.00 pm (Adelaide time) on Wednesday, 24 November 2021. Any proxy forms received after that time will not be valid for the Meeting.

ENTITLEMENT TO VOTE

For the purpose of determining the voting entitlements at the meeting, the Board has determined that, in accordance with the Company's Constitution and the Corporations Act, the shares in the Company will be taken to be held by the registered holders of those shares at 7.00 pm (Sydney time) on Wednesday, 24 November 2021. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

By order of the Board



Damien Connor
Company Secretary

Adelaide, 20 October 2021

EXPLANATORY MEMORANDUM

Introduction

This Explanatory Memorandum 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 Annual General Meeting of Shareholders to be held at the Offices of Grant Thornton Australia Limited Level 3, 170 Frome Street, Adelaide, South Australia on Friday, 26 November 2021 at 2.00 pm (Adelaide time).

This Explanatory Memorandum should be read in full and in conjunction with the accompanying Notice of Annual General Meeting before making any decision in relation to the resolutions, and is a brief explanation of Resolutions 1 to 12 in the Notice of Annual General Meeting and why the Company is seeking Shareholder approval.

Terms defined in the Notice of Meeting have the same meaning in these Explanatory Memorandum.

FINANCIAL STATEMENTS AND REPORT

As required by Section 317 of the Corporations Act, the Financial Report, Directors' Report and the Auditor's Report for the most recent financial year ended 30 June 2021 will be laid before the Meeting.

This Item does not require a formal resolution to be put to the Meeting and there is no requirement for Shareholders to approve these reports.

During this item of business, Shareholders will be given reasonable opportunity to ask questions about the reports and the business and management of the Company. Also, Shareholders will be given a reasonable opportunity to ask a representative of the Company's Auditor, Grant Thornton, questions in relation to the conduct of the audit (including the independence of the Auditor), and the accounting policies adopted by the Company.

RESOLUTION 1 - REMUNERATION REPORT

The Remuneration Report for the financial year ended 30 June 2021 is set out in the Directors' Report within the 2021 Annual Report, which is available on the Company's website: www.ar3.com.au. The Remuneration Report sets out the Company's remuneration arrangements for Directors, and members of the Company's Key Management Personnel.

Section 300A of the Corporations Act requires the Directors to include a Remuneration Report in their report for the financial year. Section 250R(2) of the Corporations Act requires the Remuneration Report to be put to a vote at the Company's Annual General Meeting. The vote on the Resolution is advisory only and does not bind the Directors or the Company. However, the Board will take the outcome of the vote into consideration when reviewing remuneration practices and policies.

The Board believes the Company's remuneration policies and structures as outlined in the Remuneration Report are appropriate relative to the size of the Company and stage of its business.

A reasonable opportunity will be provided for Shareholders to ask questions about the Remuneration Report at the meeting before calling for a vote.

Board Recommendation

The non-executive directors recommend that Shareholders vote in favour of Resolution 1.

RESOLUTIONS 2, 3, 4 AND 5 - ELECTION OF DIRECTORS.

In accordance with Rule 6.1 of the Constitution, at the first annual general meeting of the Company all Directors must retire from office (with the exception of the Managing Director). A retiring Director is eligible for re-election.

Additionally, with regards to Pauline Carr, Rule 9.2 of the Constitution also applies, and requires that any Director appointed by the Board, either to fill a casual vacancy or as an addition to the Board, holds office only until the termination of the next annual general meeting of the Company and is eligible for re-election at that annual general meeting. The Board appointed Ms Pauline Carr as an addition to the Board on 15 October 2021.

Listing Rule 14.5 provides that an entity which has directors must hold an election of directors at each annual general meeting.

In accordance with Rule 6.1 and Rule 9.2 (with respect of Pauline Carr) of the Company's Constitution and Listing Rule 14.5, directors Dudley Kingsnorth (Resolution 2), Bryn Jones (Resolution 3), Rickie Pobjoy (Resolution 4) and Pauline Carr (Resolution 5), each being eligible, offer themselves for election at the first annual general meeting since their appointment as Directors.

The qualifications and experience of each of the Directors (subject of Resolutions 2, 3, 4, and 5) are set out below.

Dudley Kingsnorth (Independent Non-Executive Chair)

FAICD, FAusIMM, FIMM, B.Met (Hons), M.Sc

Dudley has been a Director of the Company since 11 December 2020. He is the Chair of the Board and a member of the Company's Audit & Risk Management Committee.

Dudley Kingsnorth is a Metallurgist with over 50 years' experience in operations, project development and marketing. Professor Kingsnorth is an internationally recognised independent expert on the rare earths industry, providing advice to producers, end users and government entities. Professor Kingsnorth was a former Project Manager for the Mt Weld Rare Earths Project, and is currently a non-executive director of Boss Energy Limited (ASX: BOE). Professor Kingsnorth is a Fellow of the Australian Institute of Company Directors.

The Board considers Dudley to be an independent director.

Bryn Jones (Non-Executive Director)

BAppSc (Chem), MMinEng, FAusIMM

Bryn has been a Director of the Company since 19 April 2019 and is a member of the Company's Audit & Risk Management Committee and until recently was Chair of the Audit & Risk Management Committee).

Bryn Jones is an Industrial Chemist with extensive evaluation, development and operational experience in the minerals industry across various commodities. Mr Jones specialises in development of extractive metallurgical solutions for economic development. He was the former Technical (Executive) Director and is currently a Non-Executive Director, of Boss Energy Ltd (ASX: BOE). Mr Jones is also a Non-Executive Director of DevEx Resources Ltd (ASX: DEV) and is the Managing Director of PhosEnergy Limited, an unlisted public company.

The Board does not consider Bryn to be an independent director.

Rickie Pobjoy (Executive (Technical) Director)

FAICD, FAusIMM, FIMM, B.Met (Hons), M.Sc

Rickie has been a Director of the Company since 28 February 2020 and is also a member of the Company's Audit & Risk Management Committee.

Rickie Pobjoy is a Geologist with over 25 years' experience in the mining and minerals exploration industry. Mr Pobjoy has extensive experience in the definition, development and production from sedimentary hosted deposits across a number of commodities. Mr Pobjoy has recent experience in managing the geological evaluation of mineral deposits in the Murray Basin.

The Board does not consider Rickie to be an independent director.

Pauline Carr (Independent Non-Executive Director)

BEcon. MBA FAICD FGIA FCG(CS,CGP)

Pauline has been a Director of the Company since 15 October 2021 and is the Chair of the Company's Audit & Risk Management Committee. Pauline has over 30 years' resources sector and commercial experience in management, corporate governance and compliance, mergers, investor and stakeholder relations and restructures. She trained as an accountant and is currently a professional non-executive director and also provides business improvement, compliance, risk management, project management and corporate governance solutions to executive management teams

Pauline has held senior positions in Newmont Asia Pacific and Normandy Mining Limited and also worked for Exxon Mobil. She is currently Chancellor of the University of South Australia, and is Chairman of National Pharmacies and the South Australian Government's Minerals and Energy Advisory Council. She is also a non-executive Director of Highfield Resources Limited (ASX:HFR).

The Board considers Pauline to be an independent director.

Board Recommendation

The Board (with Dudley Kingsnorth abstaining in respect of Resolution 2, Bryn Jones abstaining in respect of Resolution 3, Rickie Pobjoy abstaining in respect of Resolution 4 and Pauline Carr abstaining in respect of Resolution 5) recommends that shareholders vote in favour of Resolutions 2, 3, 4 and 5.

The Chair of the Meeting intends to vote all undirected proxies in favour of Resolutions 2, 3, 4 and 5.

RESOLUTION 6: APPROVAL TO ISSUE SHARES TO MANAGING DIRECTOR DONALD HYMA

1.1 Background

The Company and Mr Donald Hyma are parties to an Executive Service Agreement dated 5 October 2021 pursuant to which the Company employs Mr Hyma as its Managing Director commencing on 5 October 2021. A summary of the material terms of the Agreement are set out in Annexure F.

Pursuant to the Executive Service Agreement and subject to shareholder approval, the Company agreed to issue \$300,000 worth of fully paid ordinary shares in the Company (**Related Party Shares**) determined by dividing \$300,000 by \$0.9732, being the VWAP of the Company's shares for the five trading days up to and including the date of the Executive Service Agreement.

1.2 Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The issue of the Related Party Shares to Mr Hyma constitutes giving a financial benefit and Mr Hyma is a related party of the Company by virtue of being a Director.

The Directors (with Mr Hyma abstaining) consider that shareholder approval pursuant to Chapter 2E of the Corporations Act is not required because the issue of the Related Party Shares is considered reasonable remuneration in the circumstances and was negotiated on an arm's length basis.

1.3 Listing Rule 10.11

Listing Rule 10.11 provides that unless one of the exceptions in Listing Rule 10.12 applies, a listed company must not issue or agree to issue Equity Securities to:

- (a) a related party;
- (b) a person who is, or was at any time in the six months before the issue or agreement, a substantial (30%+) holder in the company;
- (c) a person who is, or was at any time in the six 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 Listing Rules 10.11.1 to 10.11.3; or
- (e) a person whose relationship with the company or a person referred to in Listing Rules 10.11.1 to 10.11.4 is such that, in ASX's opinion, the issue or agreement should be approved by its shareholders,

unless it obtains the approval of its shareholders.

The issue of the Related Party Shares falls within Listing Rule 10.11.1 and does not fall within any of the exceptions in Listing Rule 10.12. It therefore requires the approval of shareholders under Listing Rule 10.11.

Resolution 6 seeks the required shareholder approval to the issue of the Related Party Shares under and for the purposes of Listing Rule 10.11.

If Resolution 6 is passed, the Company will be able to proceed with the issue of the Related Party Shares.

If Resolution 6 is not passed, the Company will not be able to proceed with the issue of the Related Party Shares and may need to consider other ways to remunerate Mr Hyma as part of his remuneration package.

1.4 Technical information required by Listing Rule 10.13

Pursuant to and in accordance with the requirements of Listing Rule 10.13, the following information is provided in relation to the proposed issue of Related Party Shares pursuant to Resolution 6:

- (a) The Related Party Shares will be issued to Mr Hyma, or his nominee.
- (b) Mr Hyma is a Director of the Company and therefore a related party under Listing Rule 10.11.1.
- (c) 308,261 Related Party Shares are to be issued to Mr Hyma. The Related Party Shares are fully paid ordinary shares.

- (d) The Related Party Shares will be issued no later than one month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules).
- (e) The Related Party Shares will not be issued for cash consideration.
- (f) The Related Party Shares will be issued to Mr Hyma as part of his remuneration package, and accordingly no funds will be raised by the issue.
- (g) Details of Mr Hyma's current total remuneration package is set out in Annexure F.
- (h) The Related Party Shares to be issued to Mr Hyma are issued under an Executive Services Agreement dated 5 October 2021. A summary of the material terms of the Agreement are set out in Annexure F.

Board Recommendation

The Board (with Mr Hyma abstaining) recommends that shareholders vote in favour of Resolution 6.

The Chair of the Meeting intends to vote all undirected proxies in favour of Resolution 6.

Please note that if the chair of the Meeting is your proxy (or becomes your proxy by default), you expressly authorise the Chair to exercise your proxy on Resolution 6 even though it is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company, which includes the Chair. If you appoint the Chair as your proxy you can direct the Chair to vote for or against or abstain from voting on Resolution 6 by marking the appropriate box on the proxy form.

RESOLUTIONS 7, 8, 9 AND 10 - APPROVAL TO ISSUE UNLISTED OPTIONS TO DIRECTORS

1. General

The Company has agreed, subject to obtaining shareholder approval, to issue options to certain of its current Directors as part of their incentive based remuneration package. Resolutions 7, 8, 9 and 10 seek shareholder approval for the grant of options to the following current Directors (or their nominees):

- (a) Mr Dudley Kingsnorth: 500,000 options (subject to the passing of Resolution 2);
- (b) Ms Pauline Carr: 600,000 options (subject to the passing of Resolution 5);
- (b) Mr Rickie Pobjoy: 2,000,000 options (subject to the passing of Resolution 4); and
- (c) Mr Donald Hyma: 4,000,000 options,

(Related Party Options).

2. Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The grant of Related Party Options constitutes giving a financial benefit and Messrs Kingsnorth, Pobjoy, Hyma, and Ms Carr, are related parties of the Company by virtue of being Directors.

The Directors consider that shareholder approval pursuant to Chapter 2E of the Corporations Act is not required because the grant of the Related Party Options is considered reasonable remuneration in the circumstances and was negotiated on an arm's length basis.

3. Listing Rule 10.11

Listing Rule 10.11 provides that unless one of the exceptions in Listing Rule 10.12 applies, a listed company must not issue or agree to issue equity securities to:

- (a) a related party;

- (b) a person who is, or was at any time in the six months before the issue or agreement, a substantial (30%+) holder in the company;
- (c) a person who is, or was at any time in the six 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 Listing Rules 10.11.1 to 10.11.3; or
- (e) a person whose relationship with the company or a person referred to in Listing Rules 10.11.1 to 10.11.4 is such that, in ASX's opinion, the issue or agreement should be approved by its shareholders,

unless it obtains the approval of its shareholders.

The issue of the Related Party Options falls within Listing Rule 10.11.1 and does not fall within any of the exceptions in Listing Rule 10.12. It therefore requires the approval of the Company's shareholders under Listing Rule 10.11.

Resolutions 7, 8, 9 and 10 seek the required shareholder approval to the issue of the Related Party Options under and for the purposes of Listing Rule 10.11.

If any of Resolutions 7, 8, 9 and 10 are passed, the Company will be able to proceed with the issue of the Related Party Options the subject of that Resolution.

If any of Resolutions 7, 8, 9 and 10 are not passed, the Company will not be able to proceed with the issue of the Related Party Options the subject of that Resolution and may need to consider other ways to remunerate the relevant Director as part of their incentive based remuneration package.

4. **Technical Information required by Listing Rule 10.13**

Pursuant to and in accordance with Listing Rule 10.13, the following information is provided in relation to Resolutions 7, 8, 9 and 10:

- (a) The Related Party Options will be issued to Mr Kingsnorth (subject to the passing of Resolution 2), Ms Carr (subject to the passing of Resolution 5), Mr Pobjoy (subject to the passing of Resolution 4), and Mr Hyma, or their respective nominees.
- (b) Each of Messrs Kingsnorth, Pobjoy and Hyma, and Ms Carr, is a Director of the Company and therefore a related party under Listing Rule 10.11.1.
- (c) The number of Related Party Options to be issued is as follows:
 - (i) Mr Kingsnorth: 500,000 options (subject to the passing of Resolution 2);
 - (ii) Ms Carr: 600,000 options (subject to the passing of Resolution 5);
 - (iii) Mr Pobjoy: 2,000,000 options (subject to the passing of Resolution 4); and
 - (iv) Mr Hyma: 4,000,000 options.
- (d) The terms and conditions of the Related Party Options to be issued to Mr Kingsnorth and Ms Carr are set out in Annexure A.

The terms and conditions of the Related Party Options to be issued to Mr Pobjoy are set out in Annexure B.

The terms and conditions of 2,000,000 of the Related Party Options to be issued to Mr Hyma are set out in Annexure C, and the terms and conditions of the other 2,000,000 of the Related Party Options to be issued to Mr Hyma are set out in Annexure D.
- (e) The Related Party Options will be granted no later than one month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules).
- (f) The Related Party Options will not be issued for cash consideration.
- (g) The Related Party Options will be issued to Directors as part of their incentive based remuneration package, and accordingly no funds will be raised by the issue.
- (h) Details of each Director's current total remuneration package are as follows:

- (i) Mr Kingsnorth: \$60,000 (plus superannuation) per annum;
 - (ii) Ms Carr: \$50,000 (plus superannuation) per annum;
 - (iii) details of Mr Pobjoy's current total remuneration package are set out in Annexure E; and
 - (iv) details of Mr Hyma's current total remuneration package are set out in Annexure F.
- (i) The Related Party Options to be issued to Mr Kingsnorth and Ms Carr are not issued under an agreement.
- The Related Party Options to be issued to Mr Pobjoy are issued under an Executive Services Agreement dated 31 March 2021. A summary of the material terms of the Agreement are set out in Annexure E.
- The Related Party Options to be issued to Mr Hyma are issued under an Executive Services Agreement dated 5 October 2021. A summary of the material terms of the Agreement are set out in Annexure F.

Board Recommendation

The Board (with Mr Kingsnorth abstaining in respect of Resolution 7, Ms Carr abstaining in respect of Resolution 8, Mr Pobjoy abstaining in respect of Resolution 9 and Mr Hyma abstaining in respect of Resolution 10) recommends that shareholders vote in favour of Resolutions 7, 8, 9 and 10.

The Chair of the Meeting intends to vote all undirected proxies in favour of Resolutions 7, 8, 9 and 10.

Please note that if the Chair of the Meeting is your proxy (or becomes your proxy by default), you expressly authorise the Chair to exercise your proxy on Resolutions 7, 8, 9 and 10 even though they are connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company, which includes the Chair. If you appoint the Chair as your proxy you can direct the chair to vote for or against or abstain from voting on Resolutions 7, 8, 9 and 10 by marking the appropriate box on the proxy form.

The passing of Resolution 7 is conditional upon, and subject to, the passing of Resolution 2. Accordingly, if you intend to vote in favour of Resolution 7, you should also vote in favour of Resolution 2.

The passing of Resolution 8 is conditional upon, and subject to, the passing of Resolution 5. Accordingly, if you intend to vote in favour of Resolution 8, you should also vote in favour of Resolution 5.

The passing of Resolution 9 is conditional upon, and subject to, the passing of Resolution 4. Accordingly, if you intend to vote in favour of Resolution 9, you should also vote in favour of Resolution 4.

The passing of Resolution 10 is not conditional upon, and subject to, the passing of any other resolution.

RESOLUTION 11 - APPOINTMENT OF AUDITOR

Grant Thornton Audit Pty Ltd was appointed in accordance with section 327A(1) of the Corporations Act. That appointment will lapse in accordance with section 327A(2) of the Corporations Act at the Company's Annual General Meeting. Section 327B(1) requires the appointment of an auditor at the Company's Annual General Meeting.

Grant Thornton Audit Pty Ltd of Level 3, 170 Frome Street, Adelaide, South Australia has been duly nominated for appointment as the Company's auditor, as required by section 328B of the Corporations Act.

A copy of the nomination appears in Annexure G. Grant Thornton Audit Pty Ltd has consented to the firm's appointment.

Board Recommendation

The Board recommends that Shareholders vote in favour of Resolution 11.

The Chair of the Meeting intends to vote all undirected proxies in favour of Resolution 11.

RESOLUTION 12 - APPROVAL OF 10% ADDITIONAL PLACEMENT CAPACITY

Background to Resolution 12

Listing Rule 7.1A enables eligible entities to issue Equity Securities up to 10% of its issued share capital through placements over a 12 month period after the Annual General Meeting at which approval of the issue is obtained (**10% Placement Capacity**). The 10% Placement Capacity is in addition to the Company's 15% placement capacity under Listing Rule 7.1 and allows the Company to issue up to 25% of its issued capital in total.

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 of \$300 million or less. The Company is an eligible entity at the date of this Notice of Annual General Meeting and must remain compliant with the requirements of Listing Rule 7.1A at the date of the Meeting to be able to utilise the additional capacity to issue Equity Securities under that Listing Rule

The Company is now seeking Shareholder approval by way of a Special Resolution which requires 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) to have the ability to issue Equity Securities under the 10% Placement Capacity. The exact number of Equity Securities to be issued under the 10% Placement Capacity will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2.

Number of Shares

The formula for calculating the maximum amount of securities to be issued under the 10% Placement Capacity is calculated as follows:

(A x D) – E

A The number of fully paid ordinary securities on issue at the commencement of the relevant period:

- plus the number of fully paid ordinary securities issued in the relevant period under an exception in Listing Rule 7.2 other than exception 9, 16 or 17;
- plus the number of fully paid ordinary securities issued in the relevant period on the conversion of convertible securities within Listing Rule 7.2 exception 9 where:
 - o the convertible securities were issued or agreed to be issued before the commencement of the relevant period; or
 - o the issue of, or agreement to issue, the convertible securities was approved, or taken under the Listing Rules to have been approved, under Listing Rule 7.1 or Listing Rule 7.4;
- plus the number of fully paid ordinary securities issued in the relevant period under an agreement to issue securities within Listing Rule 7.2 exception 16 where:
 - o the agreement was entered into before the commencement of the relevant period; or
 - o the agreement or issue was approved, or taken under the Listing Rules to have been approved, under Listing Rule 7.1 or Listing Rule 7.4;
- plus the number of any other fully paid ordinary securities issued in the relevant period with approval under Listing Rule 7.1 or Listing Rule 7.4;
- plus the number of fully paid ordinary securities that became fully paid in the relevant period;
- less the number of fully paid ordinary securities cancelled in the relevant period.

D is 10%.

E The number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the relevant period where the issue or agreement has not been subsequently approved by the holders of its ordinary securities under Listing Rule 7.4.

“relevant period” means:

- if the entity has been admitted to the official list for 12 months or more, the 12 month period immediately preceding the date of the issue or agreement; or
- if the entity has been admitted to the official list for less than 12 months, the period from the date the entity was admitted to the official list to the date immediately preceding the date of the issue or agreement.

The ability to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1

At the date of this Notice, the Company has on issue 110,680,000 Shares and therefore has capacity to issue:

- 1) 16,602,000 Equity Securities under Listing Rule 7.1; and
- 2) 11,068,000 Equity Securities under Listing Rule 7.1A (subject to approval of this Resolution 12 in this Notice).

A number of scenarios showing potential issues under Listing Rule 7.1A are detailed in the table below.

Specific information required by Listing Rule 7.3A

Pursuant to and in accordance with Listing Rule 7.3A, information is provided in relation to the approval of the 10% Placement Capacity as follows:

1) Minimum issue price

For the purpose of Listing Rule 7.1A.3, the issue price of Equity Securities under this 10% Placement Capacity will be no less than 75% of the VWAP for securities in that class calculated over the 15 trading days on which trades in that class were recorded immediately before:

- i) the date on which the price at which the securities are to be issued is agreed; or
- ii) if the securities are not issued within 10 trading days of the date in paragraph i), the date on which the securities are issued.

2) Risk of economic and voting dilution

If this Resolution is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Capacity, the existing Shareholders' voting power in the Company will be diluted as shown in the table below (in the case of unlisted options, only if the unlisted options are exercised).

There is a risk that:

- i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the approval under rule 7.1A; and
- ii) the Equity Securities may be issued at a price that is at a discount 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 the Equity Securities.

The table below describes the potential dilution of existing ordinary security holders on the basis of at least three different assumed issue prices and values for the variable "A" in the formula in rule 7.1A.2, and also shows:

- i) at least one example that assumes variable "A" is double the number of ordinary securities on issue at the time of the approval under rule 7.1A. Variable "A" is the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future meeting of Shareholders; and
- ii) at least one example where the issue price of ordinary securities has fallen by at least 50%.

Variable 'A' in Listing rule 7.1A.2		Dilution at different share prices		
		\$0.45 (50% decrease)	\$0.90 (Issue Price)	\$1.80 (100% increase)
Current Variable A 110,680,000 Shares	10% voting dilution	11,068,000 Shares	11,068,000 Shares	11,068,000 Shares
	Funds raised	\$4,980,000	\$9,961,200	\$19,922,400
50% increase in current Variable A 166,020,000 Shares	10% voting dilution	16,602,000 Shares	16,602,000 Shares	16,602,000 Shares
	Funds raised	\$7,470,900	\$14,941,800	\$29,883,600
100% increase in current Variable A 221,360,000 Shares	10% voting dilution	22,136,000 Shares	22,136,000 Shares	22,136,000 Shares
	Funds raised	\$9,961,200	\$19,992,400	\$39,844,800

The table above has been prepared on the following assumptions:

- i) The Company issues the maximum number of Equity Securities available under the 10% Placement Capacity;

- ii) No unlisted options (including any unlisted options issued under the 10% Placement Capacity) are exercised into Shares before the date of the issue of the Equity Securities;
- iii) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
- iv) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Capacity, based on that Shareholder's holding at the date of the Meeting.
- v) The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1 or as a result of any issues of Equity Securities pursuant to any other approval under Chapter 7 of the Listing Rules.
- vi) The issue of Equity Securities under the 10% Placement Capacity consists only of Shares. If the issue of Equity Securities includes Listed Options, it is assumed that those Listed Options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
- vii) The issue price is \$0.90, being the closing price of the Shares on ASX on 18 October 2021.

3) Timing

The date by which the Equity Securities may be issued is the earlier of:

- i) the date that is 12 months after the date of this Annual General Meeting;
- ii) the time and date of the Company's next annual general meeting; and
- iii) the date of 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 (change involving main undertaking).

The approval will cease to be valid in the event that holders of the Company's ordinary securities approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or Listing Rule 11.2 (change involving main undertaking).

4) Purposes for which Equity Securities may be issued

The Company may seek to issue the Equity Securities to use the funds raised towards an acquisition of new projects, assets or investments (including expenses associated with such acquisition), continued exploration or development expenditure on the Company's current assets and/or general working capital.

The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A upon issue of any Equity Securities under the 10% Additional Placement Capacity.

5) Allocation Policy

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Capacity. The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:

- 1) the methods of raising funds that are available to the Company, including but not limited to, rights issue or other issue in which existing security holders can participate;
- 2) the effect of the issue of the Equity Securities on the control of the Company;
- 3) the financial situation and solvency of the Company; and
- 4) advice from corporate, financial and broking advisers (if applicable).

The allottees under the 10% Placement Capacity have not been determined as at the date of this Notice but may include existing substantial Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company.

6) Previously obtained approval under rule 7.1A

The Company has not previously obtained Shareholder approval under Listing Rule 7.1A.

Board Recommendation

The Board recommends that Shareholders vote in favour of Resolution 12.

The Chair of the Meeting intends to vote all undirected proxies in favour of Resolution 12.

GLOSSARY

In the Explanatory Memorandum and Notice of Annual General Meeting:

10% Placement Capacity has the meaning given in the Explanatory Memorandum for Resolution 12.

Annual General Meeting or **Meeting** means the annual general meeting of Shareholders to be held at the Offices of Grant Thornton Australia Limited Level 3, 170 Frome Street, Adelaide, South Australia on Friday, 26 November 2021 at 2.00 pm (Adelaide time).

Annual Report or **2021 Annual Report** means the annual report of the Company for the financial year ended 30 June 2021.

Associate has the meaning given to that term in the Corporation Act.

ASX means ASX Limited (ABN 98 008 624 691).

Board means the board of Directors.

Chair means the Chair of the Meeting.

Closely Related Party of a member of Key Management Personnel for an entity means

- (a) a spouse or child of the member; or
- (b) a child of the member's spouse; or
- (c) a dependent of the member or of the member's spouse; or
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealings with the entity; or
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth).

Constitution means the constitution of the Company.

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

Director means a director 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.

Equity Securities or **Securities** has the same meaning as in the Listing Rules.

Explanatory Memorandum means the Explanatory Memorandum accompanying the Notice of Meeting.

Financial Report means the annual financial report prepared under Chapter 2M of the Corporations Act of the Company and its controlled entities.

Key Management Personnel has the same meaning as in the accounting standards as defined in section 9 of the Corporations Act (so the term broadly includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director, whether executive or otherwise, of the Company).

Listing Rules means the listing rules of ASX.

Meeting means the meeting of shareholders convened by the Notice.

Notice of Meeting or **Notice** means this Notice of this Annual General Meeting.

Option means an Unlisted Option to subscribe for a Share.

Option Holder means the holder of an Option.

Ordinary Resolution means a resolution passed by more than 50% of the votes at a general meeting of Shareholders.

Related Bodies Corporate has the meaning provided under section 9 of the Corporations Act.

Remuneration Report means the report of the same name on pages 21 to 28 of the Company's 2021 Annual Report.

Resolution means a resolution referred to in this Notice.

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

Shareholder or **Member** means each person registered as a holder of a Share.

Special Resolution means a resolution passed by more than 75% of the votes at a general meeting of Shareholders.

AR3 or **Australian Rare Earths** or the **Company** means Australian Rare Earths Limited (ACN 632 645 302).

Unlisted Option means an Option that is not quoted on ASX.

VWAP means the volume weighted average trading price of the Shares on ASX.

ANNEXURE A – TERMS AND CONDITIONS OF UNLISTED OPTIONS TO BE ISSUED TO DUDLEY KINGSNORTH AND PAULINE CARR

1. Each Option entitles the holder to one ordinary share in the Company.
2. Each of the Options has an exercise price being 45% above the volume weighted average market price (as defined in the ASX Listing Rules) of the Company's shares over the last five days on which sales in the Company's shares were recorded prior to the date on which the Options are issued (rounded up to the next whole cent).
3. Each Option is exercisable in whole or in part at any time during the period commencing on the date of issue and expiring on the third anniversary of the date of issue (**Exercise Period**). Options not exercised before the expiry of the Exercise Period will lapse.
4. Options are exercisable by notice in writing to the Board delivered to the registered office of the Company and payment of the exercise price per Option in cleared funds.
5. The Company will not apply to ASX for official quotation of the Options.
6. The Company will make application for official quotation on ASX of new shares allotted on exercise of the Options. Those shares will participate equally in all respects with existing issued ordinary shares, and in particular new shares allotted on exercise of the Options will qualify for dividends declared after the date of their allotment.
7. Options can only be transferred with Board approval, except that if at any time before expiry of the Exercise Period the Optionholder dies, the legal personal representative of the deceased Optionholder may:
 - (i) elect to be registered as the new holder of the Options;
 - (ii) whether or not he or she becomes so registered, exercise those Options in accordance with the terms and conditions on which they were granted; and
 - (iii) if the deceased has already exercised Options, pay the exercise price in respect of those Options.
8. An Optionholder may only participate in new issues of securities to holders of ordinary shares in the Company if the Option has been exercised and shares allotted in respect of the Option before the record date for determining entitlements to the issue. The Company must give prior notice to the Optionholder of any new issue before the record date for determining entitlements to the issue in accordance with the ASX Listing Rules.
9. If there is a bonus issue to the holders of ordinary shares in the capital of the Company, the number of ordinary shares over which the Option is exercisable will be increased by the number of ordinary shares which the holder of the Option would have received if the Option had been exercised before the record date for the bonus issue.
10. If the Company makes a rights issue (other than a bonus issue), the exercise price of Options on issue will be reduced according to the following formula:

$$A = \frac{O - E [P - (S + D)]}{(N + 1)}$$

Where:

 - A = the new exercise price of the Option;
 - O = the old exercise price of the Option;
 - E = the number of underlying ordinary shares into which one Option is exercisable;
 - P = the average closing sale price per ordinary share (weighted by reference to volume) recorded on the stock market of ASX during the five trading days immediately preceding the ex rights date or ex entitlements date (excluding special crossings and overnight sales and exchange traded Option exercises);
 - S = the subscription price for a security under the pro rata issue;
 - D = the dividend due but not yet paid on existing underlying securities (except those to be issued under the pro rata issue); and
 - N = the number of securities with rights or entitlements that must be held to receive a right to one new security.
11. If, during the currency of the Options the issued capital of the Company is reorganised, those Options will be reorganised to the extent necessary to comply with ASX Listing Rules.
12. The holder of the Option agrees to be bound by the terms of the Company's Employee Option Plan and the Constitution of Australian Rare Earths Limited, both as amended from time to time.

ANNEXURE B – TERMS AND CONDITIONS OF UNLISTED OPTIONS TO BE ISSUED TO RICKIE POBJOY

1. Each Option entitles the holder to one ordinary share in the Company.
2. Each of the Options has an exercise price of \$0.60.
3. Each Option is exercisable in whole or in part at any time during the period commencing on the date of issue and expiring on 29 July 2025 (**Exercise Period**). Options not exercised before the expiry of the Exercise Period will lapse.
4. Options are exercisable by notice in writing to the Board delivered to the registered office of the Company and payment of the exercise price per Option in cleared funds.
5. The Company will not apply to ASX for official quotation of the Options.
6. The Company will make application for official quotation on ASX of new shares allotted on exercise of the Options. Those shares will participate equally in all respects with existing issued ordinary shares, and in particular new shares allotted on exercise of the Options will qualify for dividends declared after the date of their allotment.
7. Options can only be transferred with Board approval, except that if at any time before expiry of the Exercise Period the Optionholder dies, the legal personal representative of the deceased Optionholder may:
 - (i) elect to be registered as the new holder of the Options;
 - (ii) whether or not he or she becomes so registered, exercise those Options in accordance with the terms and conditions on which they were granted; and
 - (iii) if the deceased has already exercised Options, pay the exercise price in respect of those Options.
8. An Optionholder may only participate in new issues of securities to holders of ordinary shares in the Company if the Option has been exercised and shares allotted in respect of the Option before the record date for determining entitlements to the issue. The Company must give prior notice to the Optionholder of any new issue before the record date for determining entitlements to the issue in accordance with the ASX Listing Rules.
9. If there is a bonus issue to the holders of ordinary shares in the capital of the Company, the number of ordinary shares over which the Option is exercisable will be increased by the number of ordinary shares which the holder of the Option would have received if the Option had been exercised before the record date for the bonus issue.
10. If the Company makes a rights issue (other than a bonus issue), the exercise price of Options on issue will be reduced according to the following formula:
$$A = \frac{O - E [P - (S + D)]}{(N + 1)}$$

Where:

A	=	the new exercise price of the Option;
O	=	the old exercise price of the Option;
E	=	the number of underlying ordinary shares into which one Option is exercisable;
P	=	the average closing sale price per ordinary share (weighted by reference to volume) recorded on the stock market of ASX during the five trading days immediately preceding the ex rights date or ex entitlements date (excluding special crossings and overnight sales and exchange traded Option exercises);
S	=	the subscription price for a security under the pro rata issue;
D	=	the dividend due but not yet paid on existing underlying securities (except those to be issued under the pro rata issue); and
N	=	the number of securities with rights or entitlements that must be held to receive a right to one new security.
11. If, during the currency of the Options the issued capital of the Company is reorganised, those Options will be reorganised to the extent necessary to comply with ASX Listing Rules.
12. The holder of the Option agrees to be bound by the terms of the Company's Employee Option Plan and the Constitution of Australian Rare Earths Limited, both as amended from time to time.

ANNEXURE C – TERMS AND CONDITIONS OF 2,000,000 UNLISTED OPTIONS TO BE ISSUED TO DONALD HYMA

1. Each Option entitles the holder to one ordinary share in the Company.
2. Each of the Options has an exercise price of \$1.46.
3. Subject to this paragraph, each Option is exercisable in whole or in part at any time during the period commencing on the date of issue and expiring on the third anniversary of the date of issue (**Exercise Period**). Options not exercised before the expiry of the Exercise Period will lapse. Each Option will vest on 5 October 2022 provided the Optionholder remains a Director of the Company on that date.
4. Options are exercisable by notice in writing to the Board delivered to the registered office of the Company and payment of the exercise price per Option in cleared funds.
5. The Company will not apply to ASX for official quotation of the Options.
6. The Company will make application for official quotation on ASX of new shares allotted on exercise of the Options. Those shares will participate equally in all respects with existing issued ordinary shares, and in particular new shares allotted on exercise of the Options will qualify for dividends declared after the date of their allotment.
7. Options can only be transferred with Board approval, except that if at any time before expiry of the Exercise Period the Optionholder dies, the legal personal representative of the deceased Optionholder may:
 - (i) elect to be registered as the new holder of the Options;
 - (ii) whether or not he or she becomes so registered, exercise those Options in accordance with the terms and conditions on which they were granted; and
 - (iii) if the deceased has already exercised Options, pay the exercise price in respect of those Options.
8. An Optionholder may only participate in new issues of securities to holders of ordinary shares in the Company if the Option has been exercised and shares allotted in respect of the Option before the record date for determining entitlements to the issue. The Company must give prior notice to the Optionholder of any new issue before the record date for determining entitlements to the issue in accordance with the ASX Listing Rules.
9. If there is a bonus issue to the holders of ordinary shares in the capital of the Company, the number of ordinary shares over which the Option is exercisable will be increased by the number of ordinary shares which the holder of the Option would have received if the Option had been exercised before the record date for the bonus issue.
10. If the Company makes a rights issue (other than a bonus issue), the exercise price of Options on issue will be reduced according to the following formula:
$$A = \frac{O - E [P - (S + D)]}{(N + 1)}$$

Where:

A	=	the new exercise price of the Option;
O	=	the old exercise price of the Option;
E	=	the number of underlying ordinary shares into which one Option is exercisable;
P	=	the average closing sale price per ordinary share (weighted by reference to volume) recorded on the stock market of ASX during the five trading days immediately preceding the ex rights date or ex entitlements date (excluding special crossings and overnight sales and exchange traded Option exercises);
S	=	the subscription price for a security under the pro rata issue;
D	=	the dividend due but not yet paid on existing underlying securities (except those to be issued under the pro rata issue); and
N	=	the number of securities with rights or entitlements that must be held to receive a right to one new security.
11. If, during the currency of the Options the issued capital of the Company is reorganised, those Options will be reorganised to the extent necessary to comply with ASX Listing Rules.
12. The holder of the Option agrees to be bound by the terms of the Company's Employee Option Plan and the Constitution of Australian Rare Earths Limited, both as amended from time to time.

ANNEXURE D – TERMS AND CONDITIONS OF 2,000,000 UNLISTED OPTIONS TO BE ISSUED TO DONALD HYMA

1. Each Option entitles the holder to one ordinary share in the Company.
2. Each of the Options has an exercise price of \$1.95.
3. Subject to this paragraph, each Option is exercisable in whole or in part at any time during the period commencing on the date of issue and expiring on the fourth anniversary of the date of issue (**Exercise Period**). Options not exercised before the expiry of the Exercise Period will lapse. Each Option will vest on 5 October 2023 provided the Optionholder remains a Director of the Company on that date.
4. Options are exercisable by notice in writing to the Board delivered to the registered office of the Company and payment of the exercise price per Option in cleared funds.
5. The Company will not apply to ASX for official quotation of the Options.
6. The Company will make application for official quotation on ASX of new shares allotted on exercise of the Options. Those shares will participate equally in all respects with existing issued ordinary shares, and in particular new shares allotted on exercise of the Options will qualify for dividends declared after the date of their allotment.
7. Options can only be transferred with Board approval, except that if at any time before expiry of the Exercise Period the Optionholder dies, the legal personal representative of the deceased Optionholder may:
 - (i) elect to be registered as the new holder of the Options;
 - (ii) whether or not he or she becomes so registered, exercise those Options in accordance with the terms and conditions on which they were granted; and
 - (iii) if the deceased has already exercised Options, pay the exercise price in respect of those Options.
8. An Optionholder may only participate in new issues of securities to holders of ordinary shares in the Company if the Option has been exercised and shares allotted in respect of the Option before the record date for determining entitlements to the issue. The Company must give prior notice to the Optionholder of any new issue before the record date for determining entitlements to the issue in accordance with the ASX Listing Rules.
9. If there is a bonus issue to the holders of ordinary shares in the capital of the Company, the number of ordinary shares over which the Option is exercisable will be increased by the number of ordinary shares which the holder of the Option would have received if the Option had been exercised before the record date for the bonus issue.
10. If the Company makes a rights issue (other than a bonus issue), the exercise price of Options on issue will be reduced according to the following formula:
$$A = \frac{O - E [P - (S + D)]}{(N + 1)}$$

Where:

A	=	the new exercise price of the Option;
O	=	the old exercise price of the Option;
E	=	the number of underlying ordinary shares into which one Option is exercisable;
P	=	the average closing sale price per ordinary share (weighted by reference to volume) recorded on the stock market of ASX during the five trading days immediately preceding the ex rights date or ex entitlements date (excluding special crossings and overnight sales and exchange traded Option exercises);
S	=	the subscription price for a security under the pro rata issue;
D	=	the dividend due but not yet paid on existing underlying securities (except those to be issued under the pro rata issue); and
N	=	the number of securities with rights or entitlements that must be held to receive a right to one new security.
11. If, during the currency of the Options the issued capital of the Company is reorganised, those Options will be reorganised to the extent necessary to comply with ASX Listing Rules.
12. The Optionholder agrees to be bound by the terms of the Company's Employee Option Plan and the Constitution of Australian Rare Earths Limited, both as amended from time to time.

ANNEXURE E – EXECUTIVE SERVICES AGREEMENT – RICKIE POBJOY

The Company entered into an Executive Services Agreement (**Agreement**) with Rickie Pobjoy on 31 March 2021.

By the Agreement, the Company agrees to employ Mr Pobjoy as Executive Director (Technical) of the Company for an indefinite term, commencing on the Listing Date and continuing until terminated in accordance with its terms.

Pursuant to the Agreement, the Company will pay Mr Pobjoy an annual base salary (exclusive of statutory superannuation) of \$200,000, together with an additional salary component of \$50,000 per annum (exclusive of statutory superannuation) until such time as the Company appoints a Managing Director or Chief Executive Officer. As part of the executive remuneration package under the Agreement, Mr Pobjoy (or his nominee) has been issued 2,000,000 Options, and will, subject to obtaining Shareholder approval at the first annual general meeting of Shareholders following Listing be issued a further 2,000,000 Options under the Company's Employee Option Plan. The remuneration package is subject to annual review on 1 July each year. Mr Pobjoy is also entitled to receive short term and long term incentive awards, upon the Company meeting certain milestones and conditions as determined by the Company in consultation with Mr Pobjoy.

The Company will reimburse travel and all other reasonable out-of-pocket expenses necessarily incurred by Mr Pobjoy in or about its business (or of its subsidiaries) and will pay for the cost of a mobile phone and calls and data usage as agreed.

The Company may terminate Mr Pobjoy's employment summarily because of, among other things, wilful breach of the Agreement, gross or wilful misconduct, conduct which may injure the reputation or business of the Company and its subsidiary, or failure to meet independent performance objectives after two written notices and at least three months to remedy. Mr Pobjoy can also terminate the Agreement in writing in the event that the Company commits (and fails to remedy) a serious breach of its obligations, and if within the first two years of the Agreement, Mr Pobjoy will receive three months' base salary in addition to benefits accrued and owing.

Either party may terminate the Agreement on three months' notice to the other (and the Company may in each case elect to pay to Mr Pobjoy remuneration in lieu). The Company may terminate the Agreement in the event of continuing incapacity for more than three months due to illness, accident or other cause by giving one month's notice (or payment in lieu of notice).

In the event of a change of control of the Company (by court ordered scheme of arrangement or compromise, or takeover bid or other acquisition by a person of a relevant interest in the Company exceeding 50%) Mr Pobjoy will receive a lump sum gross payment of 12 months' base salary.

Mr Pobjoy is entitled to annual leave, personal leave and long service leave in accordance with applicable legislation.

Mr Pobjoy is subject to confidentiality obligations during and following his employment, and during his employment must notify the Board of all business opportunities related to the business of the Company and its subsidiary.

ANNEXURE F – EXECUTIVE SERVICES AGREEMENT – DONALD HYMA

Element	Employment term
Contract Duration	Commencing on 5 October 2021, subject to termination with or without cause.
Notice period for termination by AR3	1 months
Notice Period for termination by Mr Hyma	3 months
Base Salary	\$360,000 per annum (exclusive of statutory superannuation).
Sign-on Shares	Up to \$300,000 worth of fully paid ordinary shares in the Company. (Subject to customary conditions precedent, including relocation from Perth to Adelaide and Shareholder approval).
Short Term Incentive (STI) - STI Options (One year performance period, subject to satisfaction of KPIs related to exploration and resource development, safety and corporate activities).	Up to 100% of Base Salary (pro-rated from the commencement date of employment to 30 June 2022), to be paid in STI Options subject to satisfaction of KPIs for the performance period ending 30 June 2022 and Shareholder approval. STI Options will have an exercise price of zero and expire 3 years from the date of issue.
Long Term Incentive (LTI) - LTI Incentive Options	4,000,000 unlisted options (Options), in aggregate, subject to shareholder approval, comprising: <ul style="list-style-type: none"> • 2,000,000 Options exercisable at a price that is 150% of the VWAP of the Company's Shares, for the 5 trading days immediately prior to the offer date of the Options. Each Option will vest 12 months from the employment commencement date and expire 3 years from the date of issue; and • 2,000,000 Options exercisable at a price that is 200% of the VWAP of the Company's Shares, for the 5 trading days immediately prior to the Offer Date. Each Option will vest 24 months from the employment commencement date and expire 4 years from the date of issue;
Long Term Incentive (LTI) - LTI ZEPO Options (respective 1 year performance periods, subject to satisfaction of KPIs related Company performance including relative performance against the ASX Small Ordinaries Resources Index (AXSRD)).	Up to 1,000,000 unlisted options, in aggregate, subject to satisfaction of particular Service and Performance conditions for the respective performance periods as follows: <ul style="list-style-type: none"> • 500,000 Options will be assessed for vesting for the performance period 1 January 2022 to 31 December 2022 ('Tranche 1'); and • 500,000 Options will be assessed for vesting for the performance period 1 January 2023 to 31 December 2023 ('Tranche 2') LTI ZEPO Options will have an exercise price of zero and expire 3 years from the date of issue.
Other provisions	Executive Services Agreement contains provisions regarding duties, leave entitlements, confidentiality, intellectual property, restrictions and ancillary clauses.

19 October 2021

Mr Damien Connor
The Company Secretary
Australian Rare Earths Limited
Level 10, 111 Gawler Place
Adelaide, SA, 5000

Dear Sir,

AUSTRALIAN RARE EARTHS LIMITED – NOMINATION OF AUDITOR

In accordance with section 328B(1) of the Corporations Act 2001 (Cth), I Ian Warland, being a shareholder of Australian Rare Earths Limited ("Company"), hereby nominate Grant Thornton Audit Pty Ltd of Level 3, 170 Frome Street, Adelaide, South Australia as auditor of the Company.

Yours faithfully



Ian Warland



AUSTRALIAN RARE EARTHS

Australian Rare Earths Limited
ACN 632 645 302

Need assistance?



Phone:

1300 556 161 (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 **2:00pm (ACDT)** on **Wednesday, 24 November 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

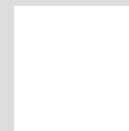
If a representative of a corporate securityholder or proxy is to participate in the meeting you will need to provide the appropriate "Appointment of Corporate Representative". A form may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Lodge your Proxy Form:

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: 185688

SRN/HIN:

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 Australian Rare Earths 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 Australian Rare Earths Limited to be held at The Offices of Grant Thornton Australia Limited, Level 3 170 Frome Street Adelaide SA 5000 on Friday 26 November at 2:00pm (ACDT) 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, 7, 8, 9 & 10 (except where I/we have indicated a different voting intention below) even though Items 1, 6, 7, 8, 9 & 10 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, 7, 8, 9 & 10 by marking the appropriate box in step 2 below.

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	REMUNERATION REPORT	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	8	APPROVAL TO ISSUE UNLISTED OPTIONS TO DIRECTOR PAULINE CARR	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	ELECTION OF DUDLEY KINGSNORTH AS A DIRECTOR	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	9	APPROVAL TO ISSUE UNLISTED OPTIONS TO DIRECTOR RICKIE POBJOY	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3	ELECTION OF BRYN JONES AS A DIRECTOR	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	10	APPROVAL TO ISSUE UNLISTED OPTIONS TO MANAGING DIRECTOR DONALD HYMA	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4	ELECTION OF RICKIE POBJOY AS A DIRECTOR	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	11	APPOINTMENT OF AUDITOR	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5	RE-ELECTION OF PAULINE CARR AS A DIRECTOR	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	12	APPROVAL OF 10% ADDITIONAL PLACEMENT CAPACITY	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6	APPROVAL TO ISSUE SHARES TO MANAGING DIRECTOR DONALD HYMA	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					
7	APPROVAL TO ISSUE UNLISTED OPTIONS TO DIRECTOR DUDLEY KINGSNORTH	<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.

SIGN

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

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact
Name

Contact
Daytime
Telephone

Date / /