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DRONESHIELD

DroneShield Limited

Notice of 2022 Annual General Meeting Explanatory Statement | Proxy Form

Tuesday, 26 April 2022

10:00am (Sydney time)

held as a virtual meeting

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 advisers prior to voting.

Contents

Venue and Voting Information	Page 2
Notice of Annual General Meeting – Agenda and Resolutions	Page 5
Notice of Annual General Meeting – Explanatory Statement	Page 12
Glossary	Page 26
Annexure A – Terms of Performance Options	Page 28
Annexure B – Valuation of Performance Options	Page 30
Annexure C – Terms of Incentive Option Plan	Page 42
Annexure D – Amended Constitution	Page 44
Proxy Form	Attached

Important Information for Shareholders about the Company's 2022 Annual General Meeting

Given the uncertainty surrounding the COVID-19 pandemic, by the time this Notice is received by Shareholders, circumstances may have changed, however, this Notice is given based on circumstances as at 21 March 2022.

Accordingly, should circumstances change, the Company will make an announcement on the ASX market announcements platform (ASX: DRO) and on the Company's website at <https://www.droneshield.com/>. Shareholders are urged to monitor the ASX announcements platform and the Company's website.

Given the significant health concerns attributed to the COVID-19 pandemic, in addition to guidelines and restrictions issued by Australian state and federal governments, the Company considers that it is appropriate to hold the Annual General Meeting as a virtual meeting.

Venue and Voting Information

The Annual General Meeting of the Shareholders to which this Notice of Meeting relates will be held at 10:00am (Sydney time) on Tuesday, 26 April 2022 as a virtual meeting.

If you are shareholder and you wish to virtually attend the AGM (which will be broadcast as a live webinar), please pre-register in advance for the virtual meeting here: https://us02web.zoom.us/webinar/register/WN_YWytP08S8GBKBLKfIHfRA

After registering, you will receive a confirmation containing information on how to attend the virtual meeting on the day of the AGM.

Shareholders will be able to vote and ask questions at the virtual meeting.

Shareholders are also encouraged to submit questions in advance of the Meeting to the Company.

Questions must be submitted, at least 48 hours before the AGM, in writing to the Company Secretary at investors@droneshield.com.

The Company will also provide Shareholders with the opportunity to ask questions during the Meeting in respect to the formal items of business as well as general questions in respect to the Company and its business.

Your vote is important

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

Voting virtually at the Meeting

Shareholders who wish to vote virtually on the day of the AGM will need to login to the Automic website (<https://investor.automic.com.au/#/home>) with their username and password.

Shareholders who do not have an account with Automic are strongly encouraged to register for an account **as soon as possible and well in advance of the Meeting to avoid any delays on the day of the Meeting.**

How do I create an account with Automic?

To create an account with Automic, please go to the Automic website (<https://investor.automic.com.au/#/home>), click on 'register' and follow the steps. Shareholders will require their holder number (Securityholder Reference Number (SRN) or Holder Identification Number (HIN)) to create an account with Automic.

I have an account with Automic, what are the next steps?

Shareholders who have an existing account with Automic (Note: with a username and password) are advised to take the following steps to attend and vote virtually on the day of the AGM:

1. Login to the Automic website (<https://investor.automic.com.au/#/home>) using your username and password.
2. (Registration on the day) If registration for the virtual meeting is open, click on 'Meeting open for registration' and follow the steps.
3. (Live voting on the day) If live voting for the virtual meeting is open, click on 'Meeting open for voting' and follow the steps.

For further information on the live voting process please see the Registration and Voting Guide at <https://www.automicgroup.com.au/virtual-agms/>.

Voting by proxy

To vote by proxy, please use one of the following methods:

Online	Lodge the Proxy Form online at https://investor.automic.com.au/#/loginsah by following the instructions: Login to the Automic website using the holding details as shown on the Proxy Form. Click on 'View Meetings' – 'Vote'. To use the online lodgement facility, Shareholders will need their holder number (Securityholder Reference Number (SRN) or Holder Identification Number (HIN)) as shown on the front of the Proxy Form. For further information on the online proxy lodgement process please see the Online Proxy Lodgement Guide at https://www.automicgroup.com.au/virtual-agms/
By post	Automic, GPO Box 5193, Sydney NSW 2001
By hand	Automic, Level 5, 126 Phillip Street, Sydney NSW 2000

Your Proxy instruction must be received not later than 48 hours before the commencement of the Meeting.

Proxy Forms received later than this time will be invalid.

Power of Attorney

If the proxy form is signed under a power of attorney on behalf of a shareholder, then the attorney must make sure that either the original power of attorney or a certified copy is sent with the proxy

form, unless the attorney or the relevant shareholder has already provided the original or certified copy to the Share Registry.

Corporate Representatives

If a representative of a corporate shareholder or a corporate proxy will be attending the virtual Meeting, the representative should bring to the Meeting adequate evidence of their appointment, unless this has previously been provided to the Share Registry.

Notice of Annual General Meeting

Notice is hereby given that an Annual General Meeting of Shareholders of DroneShield Limited ACN 608 915 859 will be held at 10:00am (Sydney time) on Tuesday, 26 April 2022 as a virtual meeting (**Meeting**).

The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the Annual General Meeting. The Explanatory Statement and the Proxy Form forms part of this Notice of Meeting.

The Directors have determined pursuant to Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Annual General Meeting are those who are registered Shareholders at 10:00am (Sydney time) on Sunday, 24 April 2022.

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

Agenda

Ordinary business

Financial statements and reports

"To receive and to consider the Annual Financial Report of the Company for the financial year ended 31 December 2021 together with the declaration of the Directors, the Directors' Report, the Remuneration Report and the Auditor's Report for that financial year."

Note: This item of ordinary business is **for discussion only and is not a resolution**.

Pursuant to the Corporations Act, Shareholders will be given a reasonable opportunity at the Meeting to ask questions about, or make comments in relation to, each of the aforementioned reports during consideration of these items.

Resolutions

Remuneration Report

1. Resolution 1 – Adoption of Remuneration Report

To consider and, if thought fit, to pass the following resolution as a **non-binding resolution**:

“That, for the purpose of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company’s Annual Financial Report for the financial year ended 31 December 2021.”

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

Voting Prohibition Statement: In accordance with the Corporations Act, the Company will disregard any votes cast on Resolution 1 by or on behalf of a member of the Company’s key management personnel (including the Directors), whose remuneration details are included in the Remuneration Report (**KMP**), or a Closely Related Party (such as close family members and any controlled companies of those persons) of such a member (collectively referred to as **Restricted Voters**). However, the Company need not disregard a vote if:

- (a) it is cast by a person as a proxy appointed in writing that specifies how the proxy is to vote on Resolution 1; and
- (b) it is not cast on behalf of a Restricted Voter.

If you appoint the person chairing the Meeting (**Chair**) and you are not a Restricted Voter, by submitting the Proxy Form you authorise the person chairing the Meeting to exercise the proxy even though Resolution 1 is connected directly or indirectly with the remuneration of a member of KMP, and you will be taken to have directed the Chair to vote in accordance with his or her stated intention to vote in favour of Resolution 1. If you do not want your vote exercised in favour of Resolution 1, you should direct the person chairing the Meeting to vote “against”, or to abstain from voting on, this Resolution.

Re-election of Directors

2. Resolution 2 – Re-election of Jethro Marks as Director

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

“That Jethro Marks, a Director who retires by rotation in accordance with the Company’s Constitution and ASX Listing Rule 14.5 and being eligible offers himself for re-election as a Director of the Company, effective immediately.”

ASX Listing Rule 7.1A (Additional 10% Capacity)

3. Resolution 3 – ASX Listing Rule 7.1A Approval of Future Issue of Securities

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

“That, for the purposes of ASX Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of equity securities up to 10% of the issued capital of the Company (at the

time of issue) calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 and otherwise on the terms and conditions set out in the Explanatory Statement which accompanies and forms part of this Notice of Meeting.”

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

- (a) 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
- (b) 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
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) 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
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Issue of Performance Options to Directors

4. Resolution 4 – Approval of Issue of Performance Options to Peter James, Non-Executive Chairman of the Company

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

“That, for the purposes of ASX Listing Rule 10.11 and section 208 of the Corporations Act and for all other purposes, Shareholders approve the issue and allotment of 5,000,000 Performance Options to Peter James, Non-Executive Chairman of the Company or his nominee and otherwise on the terms and conditions set out in the Explanatory Statement which accompanies and forms part of this Notice of Meeting.”

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

- (a) Peter James (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); or
- (b) an Associate of that person or those persons described in (a).

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 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 votes 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 224 of the Corporations Act, a vote on this Resolution must not be cast (in any capacity) by or on behalf of a related party of the Company to whom the Resolution would permit a financial benefit to be given, or an associate of such a related party (**Resolution 4 Excluded Party**). However, the above prohibition does not apply if the vote is cast by a person as proxy appointed by writing that specifies how the proxy is to vote on the Resolution and it is not cast on behalf of a Resolution 4 Excluded Party.

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 4 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.

Provided the Chair is not a Resolution 4 Excluded Party, 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.

5. Resolution 5 – Approval of Issue of Performance Options to Jethro Marks, Non-Executive Director of the Company

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

"That, for the purposes of ASX Listing Rule 10.11 and section 208 of the Corporations Act and for all other purposes, Shareholders approve the issue and allotment of 1,000,000 Performance Options to Jethro Marks, Non-Executive Director of the Company or his nominee and otherwise on the terms and conditions set out in the Explanatory Statement which accompanies and forms part of this Notice of Meeting."

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

- (a) Jethro Marks (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); or
- (b) an Associate of that person or those persons described in (a).

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 votes 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 224 of the Corporations Act, a vote on this Resolution must not be cast (in any capacity) by or on behalf of a related party of the Company to whom the Resolution would permit a financial benefit to be given, or an associate of such a related party (**Resolution 5 Excluded Party**). However, the above prohibition does not apply if the vote is cast by a person as proxy appointed by writing that specifies how the proxy is to vote on the Resolution and it is not cast on behalf of a Resolution 5 Excluded Party.

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.
- Provided the Chair is not a Resolution 5 Excluded Party, 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.

6. Resolution 6 – Approval of Issue of Performance Options to Oleg Vornik, Managing Director of the Company

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

"That, for the purposes of ASX Listing Rule 10.11 and, section 208 of the Corporations Act and for all other purposes, Shareholders approve the issue and allotment of 10,000,000 Performance Options to Oleg Vornik, Managing Director of the Company or his nominee and otherwise on the terms and conditions set out in the Explanatory Statement which accompanies and forms part of this Notice of Meeting."

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

- (a) Oleg Vornik (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); or

- (b) an Associate of that person or those persons described in (a).

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

- (a) 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
- (b) 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
- (c) 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.

Voting Prohibition Statement:

In accordance with section 224 of the Corporations Act, a vote on this Resolution must not be cast (in any capacity) by or on behalf of a related party of the Company to whom the Resolution would permit a financial benefit to be given, or an associate of such a related party (**Resolution 6 Excluded Party**). However, the above prohibition does not apply if the vote is cast by a person as proxy appointed by writing that specifies how the proxy is to vote on the Resolution and it is not cast on behalf of a Resolution 6 Excluded Party.

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:

- (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.

Provided the Chair was not a Resolution 6 Excluded Party, 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.

Re-adoption of Incentive Option Plan

7. Resolution 7 – Re-adoption of Incentive Option Plan

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

"That, for the purposes of ASX Listing Rule 7.2 (exception 13(b)), sections 257B(1), 259B(2) and 260C(4) of the Corporations Act and for all other purposes, Shareholders approve the re-adoption of the Incentive Option Plan, on the terms and conditions set out in the Explanatory Statement which accompanies and forms part of this Notice of Meeting."

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

- (a) a person who is eligible to participate in the Incentive Option Plan; 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.

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 7 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.

Amendments to the Constitution

8. Resolution 8 – Amendments to the Constitution

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

"That, for the purposes of Section 136 of the Corporations Act and for all other purposes, approval is given for the Company's Constitution to be amended in the form of the document tabled at this Meeting and signed by the Chair for the purposes of identification, effective immediately."

BY ORDER OF THE BOARD

Carla Balanco
Company Secretary

Explanatory Statement

This Explanatory Statement has been prepared for the information of the Shareholders in connection with the business to be conducted at the Annual General Meeting to be held at 10:00am (Sydney time) on Tuesday, 26 April 2022 as a virtual meeting.

The purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions in the Notice of Meeting.

If you are in any doubt about what to do in relation to the Resolutions contemplated in the Notice of Meeting and this Explanatory Statement, it is recommended that you seek advice from an accountant, solicitor, or other professional advisor.

Full details of the business to be considered at the Annual General Meeting are set out below.

Agenda

Ordinary business

Financial statements and reports

In accordance with the Constitution and the Corporations Act, the business of the Annual General Meeting will include receipt and consideration of the Annual Financial Report of the Company for the financial year ended 31 December 2021 together with the declaration of the Directors, the Director's Report, the Remuneration Report, and the Auditor's Report.

In accordance with the amendments to the Corporations Act, the Company is no longer required to provide a hard copy of the Company's Annual Financial Report to Shareholders unless a Shareholder has specifically elected to receive a printed copy.

Whilst the Company will not provide a hard copy of the Company's Annual Financial Report unless specifically requested to do so, Shareholders may view the Company Annual Financial Report on its website at <https://www.dronesshield.com/investors>.

No resolution is required for this item, but Shareholders will be given the opportunity to ask questions and to make comments on the management and performance of the Company.

The Company's auditor will be present at the Meeting. During the discussion of this item, the auditor will be available to answer questions on the:

- Conduct of the audit;
- Preparation and content of the Auditor's Report;
- Accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- Independence of the auditor in relation to the conduct of the audit.

Written questions of the auditor

If you would like to submit a written question about the content of the Auditor's Report or the conduct of the audit of the Annual Financial Report of the Company's auditor, please send your question to the Company Secretary. A list of qualifying questions will be made available at the Meeting.

Please note that all written questions must be received at least five (5) Business Days before the Meeting, which is by Monday, 18 April 2022.

Resolutions

Remuneration Report

Resolution 1 – Adoption of Remuneration Report

In accordance with section 250R(2) of the Corporations Act, the Company is required to present to its Shareholders the Remuneration Report as disclosed in the Company's Annual Financial Report.

The vote on the Resolution is advisory only and does not bind the Directors or the Company. The Remuneration Report is set out in the Company's Annual Financial Report and is also available on the Company's website at <https://www.droneshield.com/investors>.

However, if at least 25% of the votes cast are against the adoption of the Remuneration Report at the Meeting (subject of this Notice of Meeting), and then again at the 2023 Annual General Meeting (**2023 AGM**), the Company will be required to put to the vote a resolution (**Spill Resolution**) at the 2023 AGM to approve the calling of a further meeting (**Spill Meeting**). If more than 50% of Shareholders vote in favour of the Spill Resolution, the Company must convene the Spill Meeting within ninety (90) days of the 2023 AGM. All of the Directors who were in office when the 2023 Directors' Report was approved, other than the Managing Director, will (if desired) need to stand for re-election at the Spill Meeting.

The Remuneration Report explains the Board's policies in relation to the nature and level of remuneration paid to KMPs (including Directors) and sets out remuneration details, service agreements and the details of any share-based compensation.

Voting

Note that a voting prohibition applies to Resolution 1 in the terms set out in the Notice of Meeting. In particular, the Directors and other Restricted Voters must not vote on this Resolution and must not cast a vote as proxy, unless the appointment gives a direction on how to vote, or the proxy is given to the Chair and you submit the Proxy Form, authorising the Chair to exercise the proxy even though Resolution 1 is connected directly or indirectly with the remuneration of a KMP and that in doing so you will be taken to have directed the Chair to vote in accordance with the Chair's stated intention to vote in favour of Resolution 1.

Shareholders are urged to read carefully the Proxy Form and to provide a direction to the proxy on how to vote on this Resolution.

Re-election of Director

Resolution 2 – Re-election of Jethro Marks as Director

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

The Constitution sets out the requirements for determining which Directors are to retire by rotation at an annual general meeting.

Jethro Marks was appointed as a Director on 16 January 2020, and was last elected as a director at the 2020 AGM and has not sought re-election since appointment.

Under this Resolution, Jethro Marks has elected to retire by rotation, and being eligible, seeks re-election as a Director of the Company at this AGM.

Mr Marks is a Sydney-based CEO and co-founder of the Mercury Retail Group, an eCommerce retail, services, logistics and outsourcing business. Over 17 years, Mr Marks has led, and continuously grown, the business at the forefront of digital commerce, marketing, and

international logistics, while competing with the largest retailers globally.

Mr Marks brings to the Board extensive commercial experience in successfully scaling a multinational business. Mercury Retail Group's global supply chain and award-winning logistics capability has extended to most consumer goods categories in multiple countries, and today carries 32 million products. This capability has extended to provisioning international logistics support to multinational brands and technology companies.

If re-elected the Board considers Mr Marks will be an independent Director.

Directors' recommendation

The Board has reviewed the performance of Mr Marks since his appointment to the Board and considers that his skills and experience will continue to enhance the Board's ability to perform its role. Accordingly, the Directors (excluding Jethro Marks) recommend that Shareholders vote for this Resolution.

ASX Listing Rule 7.1A

Resolution 3 – ASX Listing Rule 7.1A Approval of Future Issue of Securities

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 twelve (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 \$77 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.

Information Required by ASX Listing Rule 7.3A

The following information is provided to Shareholders 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 twelve (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; or
- (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 fifteen (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 ten (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, in the event the Shareholders approve this Resolution, 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. 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) general working capital requirements;
- (b) the acquisition of new businesses and assets with a strategic fit to DroneShield's core business (including expenses associated with such acquisitions);
- (c) bonding requirements for new contracts (where required), as they are secured;
- (d) further development and integration of detection and countermeasure technologies, consistent with end-user requirements;
- (e) an increase in inventory levels (detection and countermeasure products);
- (f) an increase in manufacturing capabilities; and
- (g) expansion of the Company's sales and marketing effort globally.

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:

Variable "A" ASX Listing Rule 7.1A.2		Potential Dilution and Funds Raised		
		\$0.09 50% decrease in issue price	\$0.18 issue prices ^(b)	\$0.36 100% increase in issue price
"A" is the number of shares on issue, being 432,541,985 Shares^(a)	10% voting dilution^(c)	43,254,199	43,254,199	43,254,199
	Funds raised	3,892,878	7,785,756	15,571,512
"A" is a 50% increase in shares on issue, being 648,812,977 Shares	10% voting dilution^(c)	64,881,297	64,881,297	64,881,297
	Funds raised	5,839,317	11,678,633	23,357,267
"A" is a 100% increase in shares on issue, being 865,083,970 Shares	10% voting dilution^(c)	86,508,397	86,508,397	86,508,397
	Funds raised	7,785,756	15,571,511	31,143,023

Notes:

- (a) Based on the total number of fully paid ordinary Shares on issue as at 21 March 2022.
- (b) Based on the closing price of the Company's Shares on ASX as at 21 March 2022.
- (c) The table assumes that:
 - i. the Company issues the maximum number of ordinary Shares available to be issued under Listing Rule 7.1A;
 - ii. the Company has not issued any equity securities in the twelve (12) months prior to the Meeting that were not issued under an exception in Listing Rule 7.2 or with approval under Listing Rule 7.1; and
 - a. the issue of equity securities under the 7.1A Mandate consists only of Shares. It is assumed that no Options are exercised into Shares before the date of issue of the equity securities. If the issue of equity securities includes quoted Options, it is assumed that those quoted Options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
- (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 Statement. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
- (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.
- (f) 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%.

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 twelve (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.

Previous approval under Listing Rule 7.1A

The Company has not issued or agreed to issue equity securities under Listing Rule 7.1A.2 in the twelve (12) months preceding the AGM.

Special Resolution

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.

Directors' recommendation

The Board of Directors recommend that Shareholders vote for this Resolution.

Issue of Performance Options to Directors

Resolutions 4 to 6 – Approval of Issue of Performance Options

Background

This Resolution seeks Shareholder approval to:

- (a) issue and allot 5,000,000 Performance Options to Peter James, Non-Executive Chairman of the Company (or his nominee) – Resolution 4;
- (b) issue and allot 1,000,000 Performance Options to Jethro Marks, Non-Executive Director of the Company (or his nominee) – Resolution 5; and
- (c) issue and allot 10,000,000 Performance Options to Oleg Vornik, Managing Director of the Company (or his nominee) – Resolution 6.

The Performance Options are intended to provide a continuing equity incentive for the Directors of the Company.

The Performance Options will vest and become exercisable into Shares for nil consideration:

- (a) at any time on and from the earlier of the date that the Company achieves \$50,000,000 of revenue or the date that the Company achieves \$50,000,000 of customer cash receipts in any rolling twelve (12) month period within sixty (60) months of the date of issue (as verified by the Company's auditor); or
- (b) in the event that a change of control transaction (as set out in paragraph (e) of Annexure A) occurs in respect of the Company. One of the circumstances in which a change of control transaction will occur is where a person acquires voting power in over 50% of the Company's

Shares (in circumstances where such person's voting power was lower than 50% prior to the date on which the Performance Options were issued).

The terms of the Performance Options are set out in Annexure A of this Notice.

ASX 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 six (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 six (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.

As Messrs Peter James, Jethro Marks and Oleg Vornik are current directors of the Company, they are each a person in a position of influence for the purposes of Listing Rule 10.11.

The proposed issue of Performance Options 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.

Accordingly, Resolutions 4 – 6 seek the required Shareholder approval to issue Performance Options to each of the Directors 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.

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 Performance Options (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. Messrs Peter James, Jethro Marks and Oleg Vornik are related parties of the Company by virtue of being Directors.

As the Performance Options are proposed to be issued to all the Directors of the Company, the Directors are unable to form a quorum to consider whether one of the exceptions set out in section 210 – 216 of the Corporations Act applies to the issue of the Performance Options.

Accordingly, shareholder approval for the issue of Performance Options to the Directors is sought in accordance with Chapter 2E of the Corporations Act.

Technical information required by Listing Rule 14.1A

If each of the Resolutions 4, 5 and 6 are passed, the Company will be able to proceed with the proposed issue of Performance Options to the Directors (or their nominees) within one (1) month after the date of the Meeting. As approval pursuant to Listing Rule 7.1 is not required for the issue of the Performance Options (because approval is being obtained under Listing Rule 10.11), the issue of the Performance Options will not use up any of the Company's 15% annual placement capacity.

If any of Resolutions 4, 5 and 6 are not passed, the Company will not be able to proceed with the proposed issue of Performance Options to the relevant Director. As the vesting conditions have been specifically designed to assist in further aligning the interests of Shareholders with the proposed recipients of the Performance Options, if the Performance Options are not approved, the Company will consider other ways to align the interests and remunerate the Directors.

Information required by ASX Listing Rule 10.13

The following information in relation to the issue of the Performance Options to the Directors (or their nominees) are provided to Shareholders for the purposes of ASX Listing Rule 10.13:

- (a) The allottees are:
 - (i) Resolution 4 – Peter James, Non-Executive Chairman;
 - (ii) Resolution 5 – Jethro Marks, Non-Executive Director; and
 - (iii) Resolution 6 – Oleg Vornik, Managing Director,or their respective nominees.
- (b) Each of the allottees are current Directors of the Company and therefore fall under Listing Rule 10.11.1 as related parties of the Company.
- (c) The maximum number of Performance Options to be issued are as follows:
 - (i) Resolution 4 – 5,000,000;
 - (ii) Resolution 5 – 1,000,000; and
 - (iii) Resolution 6 – 10,000,000.
- (d) The terms of the Performance Options are set out in Annexure A of this Notice.
- (e) The Performance Options will be issued within one (1) month of shareholder approval being obtained by the Company (or otherwise, as determined by the ASX in the exercise of their discretion) and it is intended that the issue of the Performance Options will occur on the same date.
- (f) The Performance Options will be issued for nil cash consideration and accordingly, have a nil issue price.
- (g) The value of the Performance Options and the pricing methodology is set out below in Annexure B.
- (h) No funds will be raised from the issue of the Performance Options.
- (i) Details of the total remuneration packages of Directors are as follows:

Related party	Current financial year	Previous financial year
Peter James	135,396 ²	\$355,888 ¹

Jethro Marks	50,985 ⁴	\$86,022 ³
Oleg Vornik	408,173 ⁶	\$962,834 ⁵

Notes

1. Comprising Director's fees of \$99,993, cash incentive of \$45,455 and share based payments of \$210,440. The fair-value of the share-based payments are calculated in accordance with "AASB 2 Share Based Payment" and relate to Options issued to Peter James in 2018, 2019 and 2021.
 2. Comprising Director's fees of \$100,000 and share based payments of \$35,396. The fair-value of the share-based payments are calculated in accordance with "AASB 2 Share Based Payment" and relate to Options issued to Peter James in 2019.
 3. Comprising Director's fees of \$50,000 and share based payments of \$36,022. The fair-value of the share-based payments are calculated in accordance with "AASB 2 Share Based Payment" and relate to Options issued to Jethro Marks in 2020 and 2021.
 4. Comprising Director's fees of \$50,000 and share based payments of \$985. The fair-value of the share-based payments are calculated in accordance with "AASB 2 Share Based Payment" and relate to Options issued to Jethro Marks in 2020.
 5. Comprising salary of \$307,369, superannuation of \$22,631, cash incentive of \$150,000, annual and long service leave entitlement of \$63,727 and share based payments of \$419,107. The fair-value of the share-based payments are calculated in accordance with "AASB 2 Share Based Payment" and relate to Options issued to Oleg Vornik in 2018, 2019 and 2021.
 6. Comprising salary of \$306,432, superannuation of 23,568, annual and long service leave entitlement of \$11,389 and share based payments of \$66,784. The fair-value of the share-based payments are calculated in accordance with "AASB 2 Share Based Payment" and relate to Options issued to Oleg Vornik in 2019.
- (j) The purpose of the issue of the Performance Options is summarised below (paragraph (i) in the Information Required by Chapter 2E of the Corporations Act).
- (k) If Shareholder approval is obtained, appropriate offer letters for the Performance Options will be prepared. There are no other material terms of the agreements apart from those disclosed in this Notice.
- (l) A voting exclusion statement is included above in the Notice of Meeting.

Information Required by Chapter 2E of the Corporations Act

- (a) The related parties are Messrs Peter James, Jethro Marks and Oleg Vornik and they are related parties by virtue of being Directors of the Company.
- (b) The maximum number of Performance Options (being the nature of the financial benefit being provided) to be granted to the related parties is an aggregate of 16,000,000, comprising of the issue of:
 - (i) 5,000,000 to Peter James (or his nominee)
 - (ii) 1,000,000 to Jethro Marks (or his nominee)
 - (iii) 10,000,000 to Oleg Vornik (or his nominee)
- (c) The terms of the Performance Options are set out in Annexure A of this Notice.
- (d) The Performance Options will be issued for nil cash consideration and accordingly, have a nil issue price.
- (e) The relevant interests of the related parties in securities of the Company as at 21 March 2022 are set out below:

Related party	Shares	Options
Peter James	10,185,022	397,500 zero exercise priced options, exercisable at \$0.00 per option, expiring 30 Nov 2022. 132,500 Class Q options, exercisable at \$0.65 per option, expiring 30 June 2023.
Jethro Marks	666,666	83,334 Class Q options, exercisable at \$0.65 per option, expiring 30 June 2023.
Oleg Vornik	17,077,022	750,000 zero exercise priced options, exercisable at \$0.00 per option, expiring 30 Nov 2022. 250,000 Class Q options, exercisable at \$0.65 per option, expiring 30 June 2023.

- (f) The remuneration and emoluments from the Company to the related parties for the previous financial year and the proposed remuneration and emoluments for the current financial year are set out above (paragraph (i) in the Information Required by ASX Listing Rule 10.13).

- (g) If the Performance Options granted to the related parties are exercised, a total of 16,000,000 Shares would be issued. This will increase the number of shares on issue from 432,541,985 (being the total number of shares on issue as at the date of this Notice) to 448,541,985 (assuming that no shares are issued and no convertible securities vest or are exercised) with the effect that the shareholding of existing shareholders would be diluted by an aggregate of 3.69%, comprising 1.15% by Peter James, 0.23% by Jethro Marks and 2.31% by Oleg Vornik.

Shareholders should note that there is no exercise price payable in respect of the Performance Options. Rather, the Performance Options will vest and become exercisable into Shares for nil consideration in the event the relevant vesting condition is satisfied, or a change of control transaction occurs (as set out in paragraph (e) of Annexure A). As such, any time any of the Performance Options are exercised and the Shares are trading on ASX, there will be a perceived cost to the Company.

- (h) The valuation of the Performance Options is set out in Annexure B.
- (i) The trading history of the shares on ASX in the twelve (12) months before the date of this Notice is set out below:

	Price	Date
Highest	\$0.22	3 September 2021
Lowest	\$0.15	30 June 2021
Last	\$0.18	21 March 2022

- (j) The Board acknowledges the grant of Performance Options to the non-executive Directors Peter James and Jethro Marks is contrary to Recommendation 8.3 of The Corporate Governance Principles and Recommendations (4th Edition) as published by The ASX Corporate Governance Council. However, Oleg Vornik considers the grant of Performance Options to Peter James and Jethro Marks reasonable in the circumstances for the reason set out in paragraph (k).
- (k) The primary purpose of the grant of the Performance Options to the related parties is to provide a performance linked incentive component in the remuneration packages for the

related parties to motivate and reward the performance of the related parties in their respective roles as Directors and to provide a cost effective way for the Company to remunerate the Directors, which will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to the Directors. In particular, the milestone that must be satisfied before the Performance Options vest and can be exercised into Shares is that the Company achieves \$50,000,000 of revenue or the Company achieves \$50,000,000 of customer cash receipts in any rolling twelve (12) month period within sixty (60) months of the date of the issue (as verified by the Company's auditor) or a change of control transaction (as set out in paragraph (e) of Annexure A) occurs.

- (l) The Performance Options are unquoted Options. The Company has agreed to issue the Performance Options to the Directors subject to Shareholder approval for the following reasons:
 - (i) the Performance Options are unquoted; therefore, the issue of the Performance Options has no immediate dilutionary impact on Shareholders; and
 - (ii) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Performance Options on the terms proposed.
- (m) The number of Performance Options to be issued to each of the Directors has been determined based upon a consideration of:
 - (i) current market standards and/or practices of other ASX listed companies of a similar size and stage of development to the Company;
 - (ii) the remuneration of the Directors; and
 - (iii) incentives to attract and retain the service of the Directors who have appropriate knowledge and expertise, while maintaining the Company's cash reserves.
- (n) Each Director has a material personal interest in the outcome of Resolutions 4 to 6 on the basis that all of the Directors (or their nominees) are to be issued Performance Options should Resolutions 4 to 6 be passed. For this reason, the Directors do not believe that it is appropriate to make a recommendation on Resolutions 4 to 6 of this Notice.
- (o) The Board is not aware of any other information that would be reasonably required by shareholders to allow them to make a decision whether it is in the best interest of the Company to pass Resolutions 4, 5 and 6.

Re-adoption of Incentive Option Plan

Resolution 7 – Adoption of Incentive Option Plan

Background

The Company's Incentive Option Plan (**Incentive Plan**) was last approved by Shareholders of the Company on 3 May 2019.

Shortly after the date of this Meeting (on 3 May 2022), more than three (3) years would have lapsed since this date. Accordingly, the Company seeks Shareholder approval to re-adopt the Incentive Plan for the purposes set out in this Explanatory Statement.

The Plan aims to align the interests of the Company's directors, senior executives, management and employees and other eligible participants with the delivery of sustainable value to Shareholders. This alignment of interests is important in ensuring that eligible participants are focused on delivering sustainable returns to Shareholders, whilst allowing the Company to attract and retain directors and employees of a high calibre. The Plan aims to link the short to long-term

remuneration of participants with the economic benefit derived by Shareholders over the relevant measurement period and forms part of the Company's overall remuneration strategy.

For the avoidance of doubt, the Plan is materially the same to the existing Incentive Option Plan which was approved by the shareholders in 2019.

ASX Listing Rules

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 twelve (12) month period to 15% of the fully paid ordinary securities it had on issue at the start of that period.

If this Resolution is approved by Shareholders for all purposes under the Corporations Act and the ASX Listing Rules, including ASX Listing Rule 7.2 (exception 13(b)), it will have the effect of enabling the securities issued by the Company under the Incentive Plan to be automatically excluded from the formula to calculate the number of securities which the Company may issue in any twelve (12) month period using Listing Rule 7.1 (15% capacity) during the next three (3) year period.

For the avoidance of doubt, the Company must seek Shareholder approval under Listing Rule 10.14 in respect of any future issues of Options under the Incentive Plan to a related party or a person whose relationship with the Company or the related party is, in ASX's opinion, such that approval should be obtained.

If this Resolution is not passed, the Company will be able to proceed with the issue of Options under the Incentive Plan to eligible participants, but any issues of Options will reduce, to that extent, the Company's capacity to issue equity securities without Shareholder approval under Listing Rule 7.1 for the twelve (12) month period following the issue of the Options.

Technical information required by Listing Rule 7.2 (Exception 13)

The full terms of the Incentive Plan are set out in Annexure C of this Notice, and a copy of the rules of the Incentive Plan is available upon request from the Company.

Since the Incentive Plan was last approved by Shareholders on 3 May 2019, the Company advises that it has issued 24,870,000 Securities.

If this Resolution is approved by Shareholders, the Company will issue up to a maximum of 85,000,000 Securities under the Incentive Plan during the three (3) year period following approval (for the purposes of exception 13).

Shareholder loans

The Board may, in its discretion, also determine that the Company will provide limited recourse loans (against the Shares issued on exercise of options issued under the Plan) to participants to use to pay the exercise price in order to exercise options granted under the Plan.

The Board may, in its absolute discretion, agree to forgive a loan granted to participant under the Plan. The Company shall be responsible for any fringe benefits tax, or any other tax liability which may accrue to the eligible participant, which arises directly from such a loan forgiveness.

Permit the Company to take security over its own Shares

Section 259B(1) of the Corporations Act prohibits a company taking security over shares in itself or in a company that controls it, unless one of the exceptions in subsections 259B(2) or 259B(3) applies. Section 259B(2) of the Corporations Act permits the taking of security by a Company over its own Shares, if the security is taken over shares issued under an employee share scheme approved at a meeting of shareholders via an Ordinary Resolution.

Employee share scheme is defined widely by the Corporations Act and includes the Incentive Plan.

Accordingly, Shareholder approval is being sought under this Resolution to approve the Incentive Plan in order for the Company to take security over its own Shares issued under the Incentive Plan if required to do so.

Exemption for financial assistance

Section 260A of the Corporations Act provides that a company may financially assist a person to acquire shares in the company or a holding company of the company only if:

- (a) giving of the assistance does not materially prejudice the interests of the company or its shareholders, or the company's ability to pay its creditors;
- (b) the assistance is approved by shareholders under section 260B of the Corporations Act; or
- (c) the assistance is exempted under section 260C of the Corporations Act.

Section 260C(4) of the Corporations Act provides an exemption to financial assistance, if the financial assistance is given under an employee share scheme approved at a meeting of shareholders via an Ordinary Resolution.

As noted above and set out in Annexure B, the terms of the Incentive Plan envisage the giving of financial assistance by the Company to eligible and invited participants in the form of interest free, limited recourse loans to exercise options under the Incentive Plan.

Although the Board does not consider that the giving of financial benefit under the Incentive Plan will materially prejudice the interests of the company or its shareholders, or the Company's ability to pay its creditors, Shareholder approval is being sought under this Resolution to enable the Company to qualify for the special exemption offered by section 260C(4) of the Corporations Act.

Employee share scheme buy-back

Section 257B(1) of the Corporations Act sets out the procedure for various forms of share buy-back, including an "employee share scheme buy-back". In order for the Company to undertake a buy-back of Shares under the Incentive Plan using the employee share scheme buy-back procedure under the Corporations Act, the Incentive Plan must be approved by Shareholders of the Company.

Accordingly, Shareholder approval is being sought under this Resolution to approve the Incentive Plan in order for the Company to undertake a buy-back of Shares under the Incentive Plan using the employee share scheme buy-back procedure under the Corporations Act.

Directors Recommendation

The Board of Directors recommend that Shareholders vote for this Resolution.

Amendments to the Constitution

Resolution 8 – Amendments to the Constitution

Background

Resolution 8 seeks the approval of shareholders to amend the Constitution to accommodate the Company to hold meetings, including fully virtual meetings of shareholders using technology in circumstances where the Board is of the opinion that it is in the interest of shareholders.

The *Corporations Amendment (Meetings and Documents) Bill 2021* (Cth) (**Bill**) establishes permanent mechanism to allow companies and registered schemes to hold hybrid and virtual meetings, where explicitly expressed in the Company's Constitution.

The purpose of the proposed amendments to the Company's Constitution is therefore to ensure that the Company continues to retain the flexibility to hold meetings as hybrid or fully virtual meetings where the Board considers that this would be beneficial and in the interest of all

shareholders.

Accordingly, the Company has prepared an amended Constitution (**Amended Constitution**), attached as Annexure D which incorporate the following key amendments:

Clause 9.2

- (a) A meeting of shareholders may be held by means of such telephone, electronic or other communications facilities or technology as approved by the Board, that permits all persons in the meeting to communicate with each other simultaneously and instantaneously.
- (b) Participation in such a meeting shall constitute presence in person or 'personally' at such meeting (including for the purpose of any quorum requirements in the Constitution).
- (c) A reference to a 'place' when used in the context of a general meeting may be, but need not be, a physical place.
- (d) If the technology used in accordance with paragraph (a) above, encounters a technical difficulty, whether before or during the meeting, which results in a shareholder not being able to participate in the meeting, the Chair may, subject to the Corporations Act and the Constitution, allow the meeting to continue or may adjourn the meeting either for such reasonable period as may be required to fix the technology or to such other time and location as the Chair deems appropriate.

Prior to the Meeting, a copy of the Amended Constitution is available for review by shareholders at the Company's registered office during normal business hours and a copy of the Amended Constitution can be sent to Shareholders of the Company upon a request being made to the Company Secretary.

A complete signed copy of the Amended Constitution will be tabled at the Meeting.

Pursuant to section 136(2) of the Corporations Act, a modification to the Constitution can only be effected by way of a Special Resolution passed by its shareholders. Therefore, this Resolution is a Special Resolution that can only be passed if at least 75% of the total votes cast by shareholders entitled to vote on this Resolution are voted in its favour.

Directors Recommendation

The Board of Directors recommend that Shareholders vote for this Resolution.

Enquiries

Shareholders are asked to contact the Company Secretary on +61 2 8072 1400 if they have any queries in respect of the matters set out in these documents.

Glossary

AEDT means Australian Eastern Daylight Time as observed in Sydney, New South Wales.

Annual Financial Report means the Annual Report to Shareholders for the period ended 31 December 2021 as lodged by the Company with ASX on 22 February 2022.

Annual General Meeting or **AGM** or **Meeting** means an Annual General Meeting of the Company and, unless otherwise indicated, means the meeting of the Company's members convened by this Notice of Meeting.

ASIC means Australian Securities and Investment Commission.

Associate has the meaning given to it by the ASX Listing Rules.

ASX means ASX Limited ACN 008 624 691 or the financial market operated by it, as the context requires, of 20 Bridge Street, Sydney, NSW 2000.

ASX Listing Rules or **Listing Rules** means the official ASX Listing Rules of the ASX and any other rules of the ASX which are applicable while the Company is admitted to the official list of the ASX, as amended or replaced from time to time, except to the extent of any express written waiver by the ASX.

Auditor's Report means the auditor's report of HLB Mann Judd Assurance (NSW) Pty Ltd dated 22 February 2022 as included in the Annual Financial Report.

Board means the current board of Directors of the Company.

Business Day means a day on which trading takes place on the stock market of ASX.

Chair means the person chairing the Meeting.

Closely Related Party of a member of the KMP means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependant of the member or of the member's spouse;
- (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 Company;
- (e) a company the member controls; or
- (f) a person prescribed by the *Corporation Regulations 2001* (Cth).

Company means DroneShield Limited ACN 608 915 859.

Constitution means the Company's constitution.

Corporations Act means the *Corporations Act 2001* (Cth) as amended or replaced from time to time.

Director means a current director of the Company.

Directors' Report means the report of Directors as included in the Annual Financial Report.

Dollar or **"\$"** means Australian dollars.

Explanatory Statement means the explanatory statement accompanying this Notice of Meeting.

Incentive Option Plan means the employee incentive scheme entitled "Incentive Option Plan" for which Shareholder approval is being sought for the adoption of under Resolution 7 of this Notice of Meeting.

KMP means key management personnel (including the Directors) whose remuneration details are included in the Remuneration Report.

Notice of Meeting or **Notice of Annual General Meeting** means this notice of annual general meeting dated 25 March 2022 including the Explanatory Statement.

Option means an option which, subject to its terms, could be exercised into a Share.

Ordinary Resolution means a resolution that can only be passed if at least 50% of the total votes cast by Shareholders entitled to vote on the resolution are voted in its favour at the meeting.

Proxy Form means the proxy form attached to this Notice of Meeting.

Remuneration Report means the remuneration report as set out in the Annual Financial Report.

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

Restricted Voter means a member of the Company's KMP and any Closely Related Parties of those members.

Securities mean Shares and/or Options (as the context requires).

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

Shareholder means a holder of a Share.

Special Resolution means a resolution that can only be passed if at least 75% of the total votes cast by Shareholders entitled to vote on the resolution are voted in its favour at the meeting.

Spill Meeting means the meeting that will be convened within ninety (90) days of the 2023 AGM if a threshold of votes is cast against the adoption of the Remuneration Report at the Meeting and the 2023 AGM.

Spill Resolution means the resolution required to be put to Shareholders at the 2023 AGM if a threshold of votes is cast against the adoption of the Remuneration Report at the Meeting and the 2023 AGM.

Trading Day has the meaning given to that term in ASX Listing Rule 19.12.

VWAP means the volume weighted average market (closing) price, with respects to the price of Shares.

Annexure A – Terms of Performance Options

(a) **Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) **Exercise Price**

No consideration is payable upon the exercise of each Option.

(c) **Expiry Date**

Each Option will expire at 5:00pm (AEDT) on the date that is 60 months from the date of issue (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period and Vesting Condition**

The Options shall vest and become exercisable into Shares at any time on and from the earlier of the date that the Company achieves:

- (i) AUD\$50,000,000 of revenue; or
- (ii) AUD\$50,000,000 of customer cash receipts,

in any rolling twelve (12) month period (which commences from the date on which the Options are issued and terminates on the Expiry Date (**Exercise Period**)) as verified by the Company's auditor (**Vesting Condition**).

(e) **Automatic Vesting**

Subject to the Company complying with the rules of the ASX and the Corporations Act, each Option will automatically vest and become exercisable into Shares in the event of:

- (i) a takeover bid under Chapter 6 of the Corporations Act having been made in respect of the Company having received acceptances for more than 50% of the Company's Shares on issue and being declared unconditional by the bidder; or
- (ii) a Court granting orders approving a compromise or arrangement for the purposes of or in connection with a scheme of arrangement for the reconstruction of the Company or its amalgamation with any other company or companies; or
- (iii) a person acquiring voting power (as defined in section 610 of the Corporations Act) in over 50% of the Company's Shares, in circumstances where such person's voting power was lower than the 50% threshold prior to the date on which the Options were issued; or
- (iv) the Company enters into agreements to sell businesses or assets which are owned by the Company at the date of issue of the Options (whether or not in the form of shares in a subsidiary company) the consideration for which businesses or assets represents more than 50% of the value of all of the businesses and assets owned by the Company at the date of issue of the Options (with reference to the Company's most recent audited financial statements) to a person, or a number of persons, none of which are in the Company's group; and

such a determination shall be notified to the holder in writing.

(f) **Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**).

(g) **Exercise Date**

A Notice of Exercise is only effective on and from the date of receipt of the Notice of Exercise (**Exercise Date**).

(h) **Timing of issue of Shares on exercise**

Within five (5) Business Days after the Exercise Date, the Company will:

- (i) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered upon (ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than twenty (20) Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(i) **Shares issued on exercise**

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(j) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(k) **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(l) **Change in exercise price**

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

(m) **Transferability**

The Options are not transferable.

Annexure B – Valuation of Performance Options



VALUATION OF:

Performance options issued by DroneShield Limited

As at:
7 March 2022



Valuation of Performance Options issued by DroneShield Limited

Table of Contents

Section	Page	Appendices	Page
1. Executive Summary	3	Appendix 1: Background to Options	8
2. Background	4	Appendix 2: Disclaimers and Disclosures	10
3. Valuation Methodology	5		
4. Valuation	7		

Valuation of Performance Options issued by DroneShield Limited

11 March 2022

Carla Balanco
Chief Financial Officer
DroneShield Limited
Level 5, 126 Philip Street
Sydney NSW 2000

Dear Carla,

1. Executive Summary

DroneShield Limited ("DroneShield") has engaged Leadenhall Valuation Services Pty Ltd ("Leadenhall") to assess the fair value of the performance options issued by DroneShield in FY22 ("Performance Options") as at 7 March 2022 for financial reporting purposes. We have assessed the fair value of the Performance Options to be as follows:

Table 1: Valuation summary

Instrument	Assessed Value		
	Value per Performance Option ¹	Number of Performance Options	Total (\$)
Performance Options	\$0.175	16,000,000	2,800,000

Source: Leadenhall analysis

Note 1: Subject to rounding

In relation to this valuation we note:

- ◆ As all the Performance Options are effectively 'plain vanilla' options with no market based vesting conditions, we have valued them using the Black-Scholes option pricing model.
- ◆ As the Performance Options have no exercise price and dividend yield is assumed to be nil, the value is equal to the spot price on the issue date.
- ◆ Valuation of the Performance Options was necessarily indicative because the fair value of the Performance Options cannot be determined until after the Performance Options are issued, and the share price at close of business on the actual issue date is available.

Thank you for this opportunity to work with you and we look forward to working with you again in the future.

Yours faithfully,



Richard Norris
Director



Hamed Tabasi
Manager

Adelaide GPO Box 1572, Adelaide SA 5001

Sydney Level 6, 111 Elizabeth St, Sydney NSW 2000

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leadenhall.com.au

Valuation of Performance Options issued by DroneShield Limited

2. Background

2.1. Engagement Terms

Client:	DroneShield Limited
Valuer:	Leadenhall Valuation Services Pty Ltd
Valuation subject:	Performance options issued by DroneShield in FY22
Purpose:	Financial reporting and for inclusion in a notice of meeting
Valuation date:	7 March 2022
Report date:	11 March 2022
Standard of value:	Fair value (AASB2)

2.2. Definition of Value

Fair value (AASB2) is defined as:

"The amount for which an asset could be exchanged, a liability settled, or an equity instrument granted could be exchanged, between knowledgeable willing parties in an arm's length transaction."

Source: AASB 2 Share-based Payment

2.3. Scope

In accordance with professional standard APES 225 Valuation Services, this report has been prepared as a valuation engagement.

2.4. Performance Options terms

The Performance Options are effectively plain vanilla options, with the only significant vesting condition being continued employment.

The Performance Options will vest and become exercisable for nil consideration at any time on and from the earlier of the date DroneShield achieves \$50 million customer cash receipts or revenue, in any rolling twelve-month period, between the date of issue and the date that is 60 days after the date of issue.

As this is a non-market vesting condition in accordance with AASB 2, it has not been included in the valuation. Rather, the likelihood of achieving the condition should be taken into account in estimating the number of instruments that will vest for calculation of the share based payment expense.

2.5. Information

In preparing this report we have relied on the following information:

- ◆ Terms of issue of Performance Options
- ◆ Market data from Capital IQ

The above information was neither audited nor reviewed. It was confirmed through discussion with management. Nothing came to our attention to suggest the information relied upon is not reasonable.

2.6. Financial Reporting Requirement

AASB 2 Share Based Payment ("AASB 2") requires share-based payment transactions, including transactions with employees, to be recognised as an expense in the financial statements. To apply this requirement, it is necessary to determine the type of equity instrument granted to the employees. On the basis of the information provided by DroneShield, the Performance Options are equity-settled share-based payments as described in AASB 2.

AASB 2 requires that fair value be estimated using a valuation technique which indicates what the price of those equity instruments would have been on the measurement date in an arm's length transaction between knowledgeable, willing parties (AASB 2, paragraph 17). The fair value of equity instruments granted is measured at the grant date, defined as the date on which the entity and the employee agree to the share-based payment arrangement.

Valuation of Performance Options issued by DroneShield Limited

3. Valuation Methodology

3.1. Option Valuation Methods

A variety of pricing models exist for valuing options and the selected pricing model should reflect the features and complexity of the instruments being valued. We discuss below the Black-Scholes Option Pricing Model, the Binomial Option Pricing Model and Monte Carlo Simulation.

3.1.1. Black-Scholes

The Black-Scholes Option Pricing Model is a mathematical formula that can be used to value 'plain vanilla' European options. It is also used to value American options in the circumstances where the value of holding the call option at a given time is greater than the net present value of cash flows that would be generated by immediate exercise (for example, if there is little or no dividend).

The Black-Scholes model can be modified to take account of a limited number of additional option features, such as for example barrier options, which can only be exercised if the underlying share price rises above or falls below a pre-set level or 'barrier'.

3.1.2. Binomial

The Binomial Option Pricing Model is implemented by defining the upper and lower values of the stock over discrete periods of time. This may be undertaken by reference to a variety of assumptions about the stock price movements. Under the assumption of no dividends, the Binomial Option Pricing Model approximates to the Black-Scholes Option Pricing Model.

As with the Black-Scholes approach, the binomial model can be adapted to take account of certain additional option features.

3.1.3. Monte Carlo

Monte Carlo Simulation involves the use of a computer model to represent the operation of a complex financial system. A characteristic of the Monte Carlo Simulation is the generation of a large number of random samples from a specified probability distribution or distributions to represent the role of risk in the market. This approach can be adopted to value complex instruments that cannot be valued using the preceding methods.

When used to value plain vanilla options, a Monte Carlo simulation results in valuation conclusions that closely approximate the Black-Scholes and binomial models.

Valuation of Performance Options issued by DroneShield Limited

3.2. Selected Method

In assessing the fair value of the Performance Options, we have considered the following option pricing methodologies:

Table 2: Consideration of option valuation methodologies

Valuation Methodologies		
Methodology	Considerations	Application
Black-Scholes	<ul style="list-style-type: none"> Can only value plain vanilla options 	Selected methodology
Binomial	<ul style="list-style-type: none"> Similar considerations to Black-Scholes No benefit from cross-check 	Not considered
Monte Carlo Simulation	<ul style="list-style-type: none"> Can accommodate all features of Performance Rights 	Not considered

Source: Leadenhall analysis

Valuation of Performance Options issued by DroneShield Limited

4. Valuation

The inputs adopted in our valuation of the Performance Options, and our valuation conclusions are as follows:

Table 3: Option valuation inputs and conclusions

Valuation Inputs and Conclusions		
Description	Considerations	Tranche 1
Valuation date	◆ Grant date	7 March 2022
Spot price	◆ Closing price on Valuation Date	\$0.175
Exercise price	◆ As noted in Performance Options terms	\$0.00
Life	◆ See note 1	n/a
Volatility	◆ See note 1	n/a
Dividend yield	◆ Based on discussions with DroneShield management	0.0%
Risk free rate	◆ See note 1	n/a
Assessed value		\$0.175

Source: Leadenhall analysis

Note 1. As there is no exercise price and no expected dividend yield, the assessed value will equal the spot price regardless of assumptions made for life, volatility, and the risk free rate.

Valuation of Performance Options issued by DroneShield Limited

Appendix 1: Background to Options

Put and Call Options

Options can either be 'Put' or 'Call' options:

- ♦ **Call options** – give the holder the right but not the obligation to purchase an underlying asset at a specified price at a specified time or during a specified period.
- ♦ **Put options** – give the holder the right but not the obligation to sell an underlying asset at a specified price at a specified time or during a specified period.

Intrinsic and Time Value

The value of an option reflects both the 'intrinsic value' and the 'time value' as follows:

- ♦ **Intrinsic Value:** An option has 'intrinsic value' if it would provide a return to the holder if exercised at the current market price of the underlying share. For a call option, for example, this is when the share price is higher than the exercise price. An option can have a nil intrinsic value; however it cannot have a negative intrinsic value. An option with a positive intrinsic value is said to be 'in the money'.
- ♦ **Time Value:** Whilst an option may be out-of-the money (and therefore have a nil intrinsic value), the option may still have a positive value. This reflects the possibility of the option becoming in-the-money in the future and is referred to as the 'time value'.

American and European Options

Options are generally categorised as being one of three types:

- ♦ **American options** – which entitle holders to exercise at any time over the life of the option.
- ♦ **European options** – which can only be exercised on expiry.
- ♦ **Bermudan options** – which can be exercised on a number of fixed dates.

A further type of options is known as exotic options which refers to any option with additional features, for example barrier options which can only be exercised if the underlying share price moves through a pre-set barrier.

Key Inputs

In determining the market value of a call option, whatever method is used, the following inputs need to be considered:

- ♦ **Spot price** – The market price of the underlying asset which the option is over.
- ♦ **Exercise price** – The price paid on the exercise of a call option, or received on the exercise of a put option.
- ♦ **Life** – The period over which the option may be exercised. We note that employees often exercise options earlier than economic theory may suggest for reasons including risk aversion, diversification and plan rules requiring leavers to exercise vested option upon leaving employment. In accordance with AASB2.B17 this should generally be the expected life, taking into account the likelihood of early exercise.
- ♦ **Volatility** – A measure of the expected variability of the underlying share price. Volatility is measured as the standard deviation of returns.
- ♦ **Expected dividend yield** – The expected dividend yield on the underlying shares over which the options have been granted.
- ♦ **Risk free rate** – The interest rate on a risk free asset (government bonds) over a period matching the option life.

Valuation of Performance Options issued by DroneShield Limited

Impact of Changes in Inputs

The following table highlights the impact on the value of an option from changes in the key inputs.

Table 4: Option valuation inputs

Option Valuation Inputs		
Input	Impact on put option	Impact on call option value
Spot price	The higher the spot price the lower the option value.	The higher the spot price, the higher the option value.
Exercise price	The higher the exercise price, the higher the option value, due to the option being more in the money / less out of the money.	The higher the exercise price, the lower the option value, due to the option being less in the money / more out of the money.
Life	In most cases, the longer the expected life of the option, the higher the option value, since there is a greater opportunity for the option to become in the money. For options that are significantly in the money the converse applies.	In most cases, the longer the expected life of the option, the higher the option value, since there is a greater opportunity for the option to become in the money. With high dividends and a low exercise price (relative to the spot price), the converse applies.
Volatility	Generally, the higher the volatility, the higher the option value as there is more opportunity for the options to become in the money.	Generally, the higher the volatility, the higher the option value as there is more opportunity for the options to become in the money.
Dividend yield	The higher the dividend yield, the higher the option value as dividends reduce expected price appreciation.	The higher the dividend yield, the lower the option value as dividends represent leakage to a call option holder.
Risk free rate	The higher the risk-free rate, the lower the option value in most cases, as the interest that could be earned on cash proceeds of short selling the underlying shares is not available to the holder of a put option.	The higher the risk-free rate, the higher the option value in most cases, as this represents a greater cost of holding the underlying shares compared to holding a call option.

Valuation of Performance Options issued by DroneShield Limited

Appendix 2: Disclaimers and Disclosures

Responsibility and Purpose

This report has been prepared for DroneShield for the purpose of financial reporting and for inclusion in a notice of meeting. Leadenhall expressly disclaims any liability to DroneShield, or anyone else, whether for our negligence or otherwise, if the report is used for any other purpose or by any other person.

We understand that a copy of this report may be provided to the auditors of DroneShield. The auditor may have access to the report in connection with their audit of DroneShield and not for any other purpose. We do not warrant or represent that the report of our work will be sufficient or appropriate for the purpose of the audit.

Neither the whole nor any part of this report, nor any reference thereto, may be included in or with or attached to any document (including electronically), circular, resolution, letter or statement, or released externally to any other party without the prior written consent of Leadenhall.

Market Conditions

Leadenhall's opinion is based on prevailing market, economic and other conditions as at the date of this report. Conditions can change over relatively short periods of time. Any subsequent changes in these conditions could impact upon the conclusion reached in this report.

Reliance on Information

In preparing this report we relied on the information provided to us by DroneShield being complete and accurate. We have not performed an audit, review or financial due diligence on the information provided. Drafts of our report were issued to DroneShield management for confirmation of factual accuracy.

Indemnities

In recognition that Leadenhall may rely on information provided by DroneShield and its officers, employees, agents or advisors, DroneShield has agreed that it will not make any claim against Leadenhall to recover any loss or damage which it may suffer as a result of that reliance and that it will indemnify Leadenhall against any liability that arises out of Leadenhall's reliance on the information provided by DroneShield and its officers, employees, agents or advisors or the failure by DroneShield and its officers, employees, agents or advisors to provide Leadenhall with any material information relating to this report.

Independence

Leadenhall has acted independently of DroneShield. Compensation payable to Leadenhall is not contingent upon the conclusion reached in this report.

Professional Standards

This valuation has been prepared in accordance with the following professional standards:

- ◆ APES 225 Valuation Services issued by the Accounting Professional & Ethical Standards Board.
- ◆ International Valuations Standards issued by the International Valuation Standards Council.

Qualifications

This report has been prepared by:

Richard Norris

Director
BA (Hons), FCA, M.App.Fin, F.Fin

Hamed Tabasi

Manager
M.Fin, CFA, CIPM, FRM

Each has many years business valuation experience, including the valuation of options and similar instruments.

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Annexure C – Terms of Incentive Options Plan

The material terms of the Incentive Option Plan (**Incentive Option Plan**) are summarised below:

- (a) **Eligibility and Grant of Options:** The Board may grant Options to any Director, full or part time employee, or casual employee or contractor who falls within ASIC Class Order 14/1000, of the Company or an associated body corporate (**Eligible Participant**). The Board may also offer Options (**Offer**) to a prospective Eligible Participant provided the Offer can only be accepted if they become an Eligible Participant. Options may be granted by the Board at any time.
- (b) **Consideration:** Each Option granted under the Incentive Option Plan will be granted for no more than nominal cash consideration.
- (c) **Conversion:** Each Option is exercisable into one Share in the Company ranking equally in all respects with the existing issued Shares in the Company.
- (d) **Exercise Price and Expiry Date:** The exercise price and expiry date for Options granted under the Incentive Option Plan will be determined by the Board prior to the grant of the Options.
- (e) **Exercise Restrictions:** The Options granted under the Incentive Option Plan may be subject to conditions on exercise as may be fixed by the Directors prior to grant of the Options (**Exercise Conditions**). Any restrictions imposed by the Directors must be set out in the offer for the Options.
- (f) **Lapsing of Options:** An unexercised Option will lapse:
 - (i) on its Expiry Date;
 - (ii) if any Exercise Condition is unable to be met and is not waived, as determined by the Board; or
 - (iii) subject to certain good leaver exceptions or a determination by the Board, where the Eligible Participant ceases to be an Eligible Participant.
- (g) **Cashless Exercise:** The Incentive Option Plan also allows Eligible Participants to exercise vested Options by way of a 'cashless exercise'. Where an Eligible Participant makes such an election, rather than the participant being required to pay the exercise price of each Option to be exercised, the Company will issue the Participant with a smaller number of Shares on the exercise of the Options representing the difference between the value of the Shares to be issued and the exercise price of the Option. Where the Options are exercised by a 'cashless exercise', the Company will only issue such number of Shares as is equivalent to the number of Options being exercised multiplied by the excess of the average Share price over the exercise price of the Options divided by the average Share price and then rounded down to a whole number of Shares.
- (h) **Loan:** A Participant who is to be granted Options may request the Company to grant a loan up to the total amount payable in respect of the exercise price of the Options granted to the Participant (**Loan**), on the following terms:
 - (i) the Loan will be interest free;
 - (ii) the Loan will be deemed to have been made at the time the Company issues the Shares on exercise of the Options to the Participant;
 - (iii) the Loan shall be applied by the Company directly toward payment of the exercise price of the Options on exercise of such Options by the Participant;
 - (iv) the Company will apply any cash dividends in respect of Shares issued on exercise of the Options to repayment of any outstanding Loan amount;
 - (v) the Loan repayment date and the manner for making such payments shall be

determined by the Board and set out in the offer of Options;

- (vi) a Participant must repay the Loan in full by the Loan repayment date but may elect to repay the Loan amount in respect of any or all of the exercised Options at any time prior to the Loan repayment date;
 - (vii) the Company shall have a lien over the Shares issued on exercise of the Options and in respect of which a Loan is outstanding and the Company shall be entitled to sell those Shares in the event the Participant does not repay the Loan by the repayment date;
 - (viii) the Loan is repayable in full where the Participant suffers an insolvency event or breaches any condition of the Loan or the Incentive Option Plan;
 - (ix) a Participant must not transfer, assign, encumber or otherwise deal with the Shares issued on exercise of the Options until the Loan has been fully repaid;
 - (x) a Loan will be non-recourse except against the Shares issued on exercise of Options issued under the Incentive Option Plan and which are held by the Participant to which the Loan relates; and
 - (xi) the Board may, in its absolute discretion, agree to forgive a Loan made to a Participant.
- (i) **Disposal of Options:** Options will not be transferable except to the extent the Incentive Option Plan or any offer provides otherwise.
 - (j) **Quotation of Options:** Options will not be quoted on the ASX, except to the extent provided for by the Incentive Option Plan or unless an offer provides otherwise.
 - (k) **Trigger Events:** The Company may permit Options to be exercised in certain circumstances where there is a change in control of the Company (including by takeover) or entry into a scheme of arrangement.
 - (l) **Participation generally:** There are no participating rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.
 - (m) **Rights Issues and Bonus Issues:** If the Company makes a pro rata issue of securities (except a bonus issue) to the holders of Shares (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) the option exercise price shall be reduced according to the formula specified in ASX Listing Rule 6.22.2. In the event of a bonus issue of Shares being made pro rata to Shareholders, (other than an issue in lieu of dividends), the number of Shares issued on exercise of each Option will include the number of bonus Shares that would have been issued if the Option had been exercised prior to the record date for the bonus issue. No adjustment will be made to the exercise price per Share of the Option.
 - (n) **Reorganisation:** The terms upon which Options will be granted will not prevent the Options being re-organised as required by the Listing Rules on the re-organisation of the capital of the Company.
 - (o) **Limitations on Offers:** The Company must have reasonable grounds to believe, when making an Offer, that the number of Shares to be received on exercise of Options offered under an Offer, when aggregated with the number of Shares issued or that may be issued as a result of offers made in reliance on the Class Order at any time during the previous three (3) year period under an employee incentive scheme covered by the Class Order or an ASIC exempt arrangement of a similar kind to an employee incentive scheme, will not exceed 5% of the total number of Shares on issue at the date of the Offer.

Annexure D – Amended Constitution

DroneShield Limited
ACN 608 915 859

Public Company
Limited by Shares

Index

1.	Definitions	1
2.	Interpretation	3
	Replaceable Rules not to apply	3
	Transitional	3
3.	Share Capital and Variation of Rights.....	3
	Directors to issue shares	3
	Variation of rights.....	4
	Commission and brokerage.....	4
	Recognition and disclosure of interests.....	4
	Uncertificated holdings and electronic transfer	5
	Share holding statements	5
	Share Certificates	5
	Joint holders of shares.....	5
	Restricted Securities	6
	Restrictions on issue which transfers controlling interest.....	6
	Restriction on related party's participation.....	6
	Preference Shares.....	6
	Applications for Shares.....	6
	Payment for Shares by instalments.....	6
	Certificates.....	7
	Register - joint holders.....	7
	Recognition of trusts	7
	Reduction of capital	7
	Share buy-back authorisation.....	7
	Variation of rights.....	7
	Notification of interest	8
4.	Lien.....	9
	Lien on share	9
	Sale under lien	10
	Transfer on sale under lien	10
	Proceeds of sale	10
5.	Calls on shares.....	10
	Directors to make calls	10
	Time of call	11
	Notice of call and Members' liability	11
	Interest on default	11
	Fixed instalments deemed calls	11
	Differentiation between shareholders as to calls	11
	Prepayment of calls	11
6.	Transfer of Shares	12
	General	12
	Certificated holding	12
	Uncertificated holding	12
	Directors' power to decline registration	13
	Transferor remains member	13
	Powers of attorney.....	13
	Unmarketable parcels.....	14
	Directors' power to decline to register	14
	Closure of the register	14

Company to retain instrument of transfer	14
Other securities.....	14
7. Transmission of Shares	14
Transmission of shares on death of holder	14
Right to registration on death or bankruptcy	15
Effect of transmission	15
Market transfers not affected	15
8. Forfeiture of Shares	15
Notice requiring payment of call	15
Forfeiture for failure to comply with notice	15
Cancellation of forfeiture	16
Surrender as forfeiture.....	16
Directors may waive	16
Effect of forfeiture on former holder's liability	16
Evidence of forfeiture.....	16
Transfer of forfeited share	16
Forfeiture applies to non-payment of instalment	17
Listing Rules	17
Application of proceeds	17
9. General Meetings	17
Annual General Meeting	17
General Meeting	17
Notice of General Meeting	17
Business not requiring notice	18
Objects of requisitioned meeting	18
Expenses of requisitioned meeting.....	18
Postponement or cancellation of meeting	18
10. Proceedings at General Meetings	18
Representation of Member	18
Quorum.....	18
Failure to achieve quorum	19
Appointment and powers of chairman of general meeting	19
Adjournment of general meeting	19
Voting at general meeting.....	19
Questions decided by majority	20
Poll.....	20
Equality of votes	20
Entitlement to vote	21
Joint shareholder's vote	21
Vote of shareholder of unsound mind.....	21
Effect of unpaid call	21
Objection to voting qualification	21
Appointment of proxy.....	21
Deposit of proxy and other instruments.....	22
Validity of vote in certain circumstances	23
Director entitled to notice of meeting	23
11. The Directors	23
Number and appointment of Directors.....	23
Election of Directors.....	24
Qualifications of Directors.....	24
Casual vacancy	24
Removal of Director	25
Remuneration of Directors.....	25
Directors' interests	25
Related Body Corporate contracts	26
Vacation of office of Director	26
12. Powers and Duties of Directors.....	26
Directors to manage Company	26
Appointment of attorney	27

Minutes	27
Execution of Company cheques, etc	28
Retirement benefits for Directors	28
Securities to Directors	28
13. Proceedings of Directors	28
Directors' meetings	28
Questions decided by majority	28
Alternate Directors	28
Quorum for Directors' meetings	29
Remaining Directors may act	29
Chairman of Directors	29
Directors' committees	30
Written resolution by Directors	30
Defective appointment	30
Directors may hold other offices	30
Directors may hold shares, etc	30
Directors not accountable for benefits	31
Voting, affixation of seal	31
Exchange to be advised	31
Meetings to be effectual	31
Procedure at meetings	31
Minutes	32
Definition	32
Appointment of Managing Director	32
Remuneration	32
Powers	32
Rotation	32
14. Secretary	32
Appointment of Secretary	32
Suspension and removal of Secretary	32
Powers and duties of Secretary	32
Secretary to attend meetings	32
15. Common Seal and Official Seal	33
Custody of common seal	33
Use of common seal	33
Execution of documents without the common seal	33
16. Inspection of Records	33
Inspection by Members	33
17. Dividends and Reserves	33
Declaration of dividend	33
Directors may authorise interim dividend	33
No interest on dividends	33
Reserves and profits carried forward	33
Calculation and apportionment of dividends	34
Deductions from dividends	34
Distribution of specific assets	34
Payment by cheque and receipts from joint holders	34
Bonus Share Plan	34
Dividend plans	35
Unclaimed dividends	35
18. Capitalisation of Profits	35
Capitalisation of reserves and profits	35
19. Notices	35
Service of notices	35
Persons entitled to notice of general meeting	36
Change of address	36
Incorrect address	36

20.	Audit and Accounts	36
	Company to keep accounts	36
	Company to audit accounts	37
21.	Winding Up	37
	Distribution of assets	37
	Order for Winding Up.....	37
22.	Indemnity	37
23.	Overseas Members	37
24.	Listing Rules.....	37
	Listing Rules	37
25.	Chess.....	38
	Participation	38
	Sub-register	38
	Lien	38
	Compliance with ASTC Settlement Rules and ASC Clearing Rules	38
26.	Wholly Owned Subsidiary	38
	Directors' authority to act	38
27.	Miscellaneous.....	38
	Restricted securities	38
28.	General Authorisation	39
	General authorisation	39
	Compliance with timetable.....	39
Schedule		40
Preference Shares.....		40

Corporations Act 2001
A Company Limited by Shares

Constitution
of

DroneShield Limited

1. Definitions

- 1.1. The following words have these meanings in these Clauses unless the contrary intention appears.

"ASC Clearing Rules" means the operating rules of Australian Clearing House Pty Ltd ACN 001 314 503.

"Alternate Director" means a person appointed as alternate director under Clause 13.6.

"ASTC Settlement Rules" means the operating rules of the ASX Settlement Pty Limited ACN 008 504 532.

"Auditor" means the auditor or auditors for the time being of the Company.

"Business Day" means a day other than a Saturday, a Sunday, New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day which the Exchange shall declare and publish to be a day which is not a business day.

"Chess" means the Clearing House Electronic Sub-Register System established and operated by the Exchange including but not limited to:

- (a) the clearing and settlement of transaction in CHESS approved securities;
- (b) the transfer of securities; and
- (c) the registration of transfers.

"Chess approved securities" means securities of a company for which CHESS approval has been given in accordance with the ASTC Settlement Rules.

"Chess sub-register" means that part of a company's register for a class of the company's CHESS approved securities that is administered by as an approved CS facility and that records uncertificated holdings of securities in that class.

"Company" means DroneShield Limited.

"Constitution" means this Constitution as amended from time to time.

"Corporations Act" means the *Corporations Act 2001* as amended;

"Corporations Regulations" means the regulations prescribed under the Corporations Act.

"Director" means a director for the time being of the Company, and where appropriate includes an Alternate Director.

"Dividend Interest" means the right of a Member to receive dividends under this Constitution or any law.

"Exchange" means ASX Limited, commonly known as Australian Securities Exchange.

"Executive Director" means a person appointed as executive director under Clause 13.36.

"Listed" means, in relation to the Company, the Company being and remaining admitted to the official list of the Exchange.

"Listing Rules" means the Listing Rules of the Exchange and any other rules of the Exchange which are applicable while the Company is admitted to the Official List of the Exchange, each as amended or replaced from time to time, except to the extent of any express written waiver by the Exchange.

"Listed Securities" means any shares, share options, stock, debentures, debenture stock or other securities for the time being issued by the Company and officially quoted by the Exchange.

"Managing Director" means a person appointed as managing director under Clause 13.36.

"Market Transfer" means:

- (a) a transfer of shares in the Company where the transfer is pursuant to or connected with a transaction entered into on the stock market operated by the Exchange and for the avoidance of doubt includes a proper ASTC transfer; or
- (b) an allotment of shares in the Company as a result of the exercise of any rights, options or convertible notes where such rights, options or notes are traded on a market operated by the Exchange.

"Member" means a person for the time being entered in the Register as a member of the Company.

"Ordinary shares" means all the shares other than any class of shares established by the Directors upon the issue of shares.

"Prescribed information" means information as to whether the shares are held beneficially by the holder of the shares and, if not, who has beneficial interests in the shares, whether the holder of the shares or any person who has a beneficial interest in the shares is in a position to exercise control of another licence (giving particulars of any such position) and any other information which the Directors consider is necessary or desirable for determining the eligibility of that person or any other person to hold or continue to hold shares in the Company having regard to the provisions of the Corporations Act.

"Proper ASTC transfer" has the same meaning as that term has under the Corporations Regulations.

"Register" means the register of members of the Company to be kept by the Company.

"Registered Office" means the registered office for the time being of the Company.

"Restricted Securities" has the meaning ascribed to it by the Listing Rules;

"Rule" or **"rules"** or **"Rules"** means the provisions set out in the clauses of this Constitution.

"Seal" means the common seal of the Company.

"Secretary" means a person appointed by the Directors under Clause 14.1 to perform the duties of secretary of the Company.

"Security" means and includes a Share, or right to a Share, an option to acquire a Share and any other security with a right of conversion to equity.

"State" means the state or territory in which the Company is from time to time registered.

"Unmarketable Parcel" means a number of shares which is less than that required to constitute a marketable parcel.

"Voting interests" means the right of a Member to exercise a vote at any meeting of the company under this Constitution or any law.

"Winding Up Interest" means the right under this Constitution or any law for a Member to receive a share in the property of the company that could be distributed among members of the Company is property of the Company was distributed among Members, whether as a result of a winding up or otherwise.

"**Writing**" includes printing, typing and other methods of representing or reproducing words in a visible form and "**written**" has a corresponding meaning.

2. Interpretation

2.1. In this Constitution:

- (a) word importing any gender include all others genders;
- (b) the word person includes a firm, a body corporate, an unincorporated association or an authority;
- (c) the singular includes the plural and vice versa; and
- (d) a reference to a statute or code or the Corporations Act (or to a provision of same) means the statute, code or the Corporations Act (or provisions of same) as modified or amended and in operation for the time being, or any statute, code or provision enacted (whether by the State or Commonwealth of Australia) in its place and includes any regulation or rule for the time being in force under the statute, code or the Corporations Act.

2.2. Unless the contrary intention appears in this Constitution, an expression has, in a provision of this Constitution that deals with a matter dealt with by a particular provision of the Corporations Act, the same meaning as in that provision of the Corporations Act.

2.3. Headings are inserted for convenience and do not affect the interpretation of this Constitution.

2.4. Where the phrase "permitted by the Listing Rules" or similar phrase is used in this Constitution that expression under this Constitution shall be deemed to include any act, omission or transaction which is subject to a waiver of the Listing Rules by the Exchange.

2.5. In this Constitution a reference to the Listing Rules is to have effect if, and only if, at the relevant time, the Company has been admitted to and remains on the Official List of the ASX and is otherwise to be disregarded.

Replaceable Rules not to apply

2.6. The Replaceable Rules contained in the Corporations Act do not apply to the Company.

Transitional

2.7.

- (a) This Constitution supersedes the constitution in force immediately before the adoption of this Constitution.
- (b) Everything done under any previous constitution of the Company continues to have the same operation and effect after the adoption of this Constitution as if properly done under this Constitution. In particular, without limitation, every Director, Alternate Director and Secretary in office immediately before the adoption of this Constitution is taken to have been appointed and continues in office under this Constitution.

3. Share Capital and Variation of Rights

Directors to issue shares

3.1. Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares but subject to the Corporations Act and the Listing Rules, except as the Company in general meeting may when authorising any issue of shares otherwise direct and subject to this Constitution, shares in the Company are under the control of the Directors who may allot or dispose of all or any of the same to such person at such times at such price and on such terms and conditions and having attached to them such preferred, deferred or other special rights or such restrictions, whether with regard to dividend, voting, return of Capital or otherwise and whether as preference shares that are at the option of the Company likely to be redeemed as the Directors think fit.

- 3.2.** Subject to the Listing Rules the Directors have the right to grant to any person options or other securities with rights of conversion to shares or pre-emptive rights to any shares for any consideration and for any stock.
- 3.3.** The Directors have the right to settle the manner in which fractions of a share, however arising, are to be dealt with.
- 3.4.** The Directors must not allot any shares in the Company to any person where the allotment would have the effect of transferring a controlling interest in the Company without the prior approval of a resolution of the Company in general meeting.
- 3.5.** A Director or any person associated with a Director must not participate in an issue by the Company of shares under Clause 3.1 or options or other securities under Clause 3.2 unless the participation of the Director or the person associated with a director in the issue is permitted under the Listing Rules.
- 3.6.** The issued capital of the Company is classified as Ordinary Shares and any other class of Shares which the Directors may determine from time to time and which, if the Company is Listed, the term of which, the ASX, has approved.

Variation of rights

- 3.7.** If at any time the share capital is divided into different classes of shares, the rights attached to any class may (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, be varied or abrogated in any way with the consent in writing of the holders of three-quarters of the issued shares of that class, or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class. Any variation under this Clause shall be subject to Sections 246B to 246E of the Corporations Act.
- 3.8.** The provisions of this Constitution relating to general meetings apply so far as they are capable of application and with the necessary changes to every separate meeting of the holders of a class of shares except that:
- (a) a quorum is constituted by 2 persons who, between them, hold or represent one-third of the issued shares of the class; and
 - (b) any holder of shares of the class, present in person or by proxy, attorney or representative appointed under Clause 10.2 may demand a poll.
- 3.9.** The rights conferred on the holders of the shares of any class are not deemed to be varied by the creation or issue of further shares ranking equally with the first-mentioned shares unless otherwise:
- (a) expressly provided by the terms of issue of the first-mentioned shares; or
 - (b) required by the Corporations Act.

Commission and brokerage

- 3.10.** The Company may exercise the power to pay brokerage or commission conferred by the Corporations Act. The rate or the amount of the brokerage or commission paid or agreed to be paid must be disclosed in the manner required by the Corporations Act.
- 3.11.** The brokerage or commission may be satisfied by the payment of cash or by the allotment of fully or partly paid shares or other securities or partly by the payment of cash and partly by the allotment of fully or partly paid shares or other securities.
- 3.12.** The Company must comply with the requirements of the Corporations Act and the Listing Rules in the payment of such brokerage or commission.

Recognition and disclosure of interests

- 3.13.** Except as required by law, the Company is not bound or compelled in any way to recognise a person as holding a share on any trust.

- 3.14.** The Company is not bound by or compelled in any way to recognise (whether or not it has notice of the interest or rights concerned) any equitable, contingent, future or partial interest in any share or unit of a share or (except as otherwise provided by this Constitution or by law) any other right in respect of a share except an absolute right of ownership in the registered holder.

Uncertificated holdings and electronic transfer

- 3.15.** The Directors may determine not to issue a share certificate or option certificate or may determine to cancel such a certificate without issuing any certificate in its place notwithstanding any other provision in this Constitution, if that determination is not contrary to the Corporations Act or the Listing Rules.
- 3.16.** The Directors may do anything they consider necessary or desirable and which is permitted under the Corporations Act and the Listing Rules to facilitate the participation by the Company in CHESS developed by the Exchange or in any computerised or electronic system established or recognised by the Corporations Act or the Listing Rules for the purposes of facilitating dealings in shares or securities. Where the securities of the Company are CHESS approved securities the Company shall comply with the ASTC Settlement Rules and if required the ASC Clearing Rules.

Share holding statements

- 3.17.** Where the Directors of the Company have pursuant to Clause 3.15 determined not to issue share certificates or to cancel existing share certificates a Member shall have the right to receive such statements of the holdings of the Member as are required to be distributed to a Member under the Corporations Act and the Listing Rules.

Share Certificates

- 3.18.** Subject to Clause 3.15 - 3.17 if the Directors determine to issue a certificate for shares held by a Member the following provisions apply:
- (a) A person whose name is entered as a Member in the Register or as an option holder in the register of options is entitled without payment to receive a certificate in respect of the shares or options registered in the person's name issued in accordance with the Corporations Act but, in respect of shares or options held jointly by several persons, the Company is not bound to issue more than one certificate;
 - (b) Delivery of a certificate for a share may be effected by delivering it personally to the holder or by posting it in a prepaid envelope addressed to the holder at the address shown in the Register or by delivering or posting the certificate in accordance with the written instructions of the holder. Delivery of a certificate for a share to one of several joint holders is sufficient delivery to all such holders;
 - (c) Where satisfactory evidence has been received by the Company that the certificate for shares previously issued has been stolen, lost or destroyed and has not been pledged, charged, sold or otherwise disposed of, and the holder has undertaken in writing to the Company to return any such certificate to the Company if it is found or received by the holder, then the Company must issue a replacement certificate in accordance with the Corporations Act;
 - (d) Where a certificate for shares previously issued has been worn out or defaced and has been surrendered to the Company for cancellation and has been cancelled the person whose name is entered as the Member in respect of those shares in the Register is entitled to receive a replacement certificate in accordance with the Corporations Act and the Listing Rules.
 - (e) The Directors may determine the number of shares to be issued in any one certificate; and
 - (f) Every certificate for shares must be issued in accordance with the Corporations Act and the Listing Rules.

Joint holders of shares

- 3.19.** Where 2 or more persons are registered as the joint holders of shares they are deemed to hold the shares as joint tenants.

Restricted Securities

3.20. The Company shall comply in all respects with the requirements of the Listing Rules with respect to Restricted Securities; without limiting the generality of the above:

- (a) a holder of Restricted Securities must not dispose of, or agree or offer to dispose of, the securities during the escrow period applicable to those securities except as permitted by the Listing Rules or ASX;
- (b) if the securities are in the same class as quoted securities, the holder will be taken to have agreed in writing that the Restricted Securities are to be kept on the entity's issuer sponsored subregister and are to have a holding lock applied for the duration of the escrow period applicable to those securities;
- (c) the entity will refuse to acknowledge any disposal (including, without limitation, to register any transfer) of Restricted Securities during the escrow period applicable to those securities except as permitted by the Listing Rules or ASX;
- (d) a holder of Restricted Securities will not be entitled to participate in any return of capital on those securities during the escrow period applicable to those securities except as permitted by the Listing Rules or ASX; and
- (e) if a holder of Restricted Securities breaches a restriction deed or a provision of the Company's constitution restricting a disposal of those securities, the holder will not be entitled to any dividend or distribution, or to exercise any voting rights, in respect of those securities for so long as the breach continues.

Restrictions on issue which transfers controlling interest

3.21. Where the Company is Listed, an issue of Shares which would have the effect of transferring a controlling interest in the Company may only be made with the prior approval of the Company in general meeting, unless that issue may otherwise be made without contravening the Listing Rules.

Restriction on related party's participation

3.22. Where the Company is Listed, a related party and any person whose relationship with the Company or a related party is, in the ASX's opinion, such that approval of the ASX should be obtained, may only participate in an issue of Securities, or rights to, or options to subscribe for, Securities, in accordance with the Listing Rules.

Preference Shares

3.23. Subject to any limitations referred herein, the Company may issue preference shares including:

- (a) preference shares that are, or at the option of the Company are, liable to be redeemed; and
- (b) preference shares of the kind described in Schedule I on the terms set out in Schedule 1.

Applications for Shares

3.24. Where the Company receives an application for Shares signed by or on behalf of the applicant and the Company allots Shares to the applicant in satisfaction of that application, the application is to be treated as:

- (a) an agreement by the applicant to accept those Shares;
- (b) a request by the applicant for the Company to place the applicant's name in the Register of Members in respect of those Shares; and
- (c) an agreement by the applicant that the applicant is bound by this Constitution.

Payment for Shares by instalments

3.25. Where a Share is allotted on terms that all or any of the issue price of that Share is payable by instalments, each of those instalments must be paid when due by the person who is at that

time the holder of that Share.

Certificates

3.26.

- (a) Subject to rule 3, the Director may determine to issue certificates for Securities of the Company and to cancel any certificates on issue and to replace lost, destroyed or defaced certificates on issue on the basis and in the form they determine from time to time.
- (b) Where the ASTC Settlement Rules apply to the Company, the Directors are not required to issue share certificates for issued Shares in the Company or allocate a distinguishing number to those Shares.

Register - joint holders

3.27.

If two or more persons are registered as the holders of any Securities, those persons are considered to hold the Securities as joint tenants with benefits of survivorship subject to the following provisions:

- (a) the joint holders of the Securities are liable severally as well as jointly in respect of all payments which are to be made in respect of those Securities;
- (b) on the death of any one of the joint holders, the Company only recognises the remaining joint holders as having any title to the Securities but the Directors may require evidence of death and the estate of the deceased joint holder is not released from any liability in respect of the Securities;
- (c) any one of the joint holders may give a receipt for any Dividend, bonus or return of capital payable to the joint holders in respect of the Securities; and
- (d) only the person whose name first appears in the Register as one of the joint holders of the Securities is entitled, if the Company determines to issue certificates for Securities, to delivery of a certificate relating to the Securities or to receive notices from the Company, and any notice given to that person is considered notice to all joint holders.

Recognition of trusts

3.28.

Except as required by law or as otherwise provided by this Constitution, the Company is not bound to recognise:

- (a) that a person holds any Security on trust; or
- (b) any equitable, contingent, future or partial claim to, or interest in, any Security or unit of a Security, or any other right in respect of a Security,

even if the Company has notice of the relevant trust, right or interest concerned, except the registered holder's absolute right of ownership.

Reduction of capital

3.29.

- (a) The Company may reduce its share capital subject to, and in accordance with, the Corporations Act and the Listing Rules.
- (b) When the Company reduces its capital it may return capital arising from the reduction by either a distribution of money to Members or the distribution of specific assets to Members (including without limitation, paid up shares or other securities of a body corporate other than the Company).

Share buy-back authorisation

3.30.

The Company may buy back Shares subject to, and in accordance with, the Corporations Act and the Listing Rules.

Variation of rights

3.31.

If at any time the issued Shares are divided into different classes, the rights attached to any class

of Shares (unless the terms of issue of that class otherwise provide) may only be varied or abrogated with either:

- (a) the consent in writing of the holders of 75% of the issued Shares of the class affected; or
- (b) the sanction of a special resolution passed at a separate meeting of the holders of Shares of that class, and for the purposes of this rule, the following provisions apply:
- (c) in relation to any separate meeting of the holders of Shares in a class, the provisions of this Constitution which relate to general meetings apply, as far as they are capable of application and changed as necessary, to those meetings as if they were general meetings, except that any holder of Shares of that class, present in person or by proxy, attorney or representative, may demand a poll; and
- (d) the rights attached to a class of Shares are not taken to be varied by the issue of further Shares of that class on identical terms, unless the terms of issue of that class of Shares expressly provide otherwise.

Notification of interest

3.32.

- (a) Members shall comply with those provisions of Part 6C.2 of the Corporations Act, which, if the Company were Listed, would empower the Company by notice in writing to direct (Direction) a Member to disclose to the Company, within 2 Business Days of receiving that Direction, the full particulars of their relevant interest (as that expression is defined in the Corporations Act) in Shares, the details of any other person who has a relevant interest in Shares, and the details of any person who has given that Member instructions in relation to their relevant interest in Shares and the particulars of those instructions (which provisions in this rule, read as though they expressly apply to the Company, are referred to as “the statutory disclosure requirements”).
- (b) A person named in a disclosure by a Member as having a relevant interest in, or having given instructions about, Shares shall also comply with the statutory disclosure requirements as they apply to Members.
- (c) If a person fails to comply with the statutory disclosure requirements then:
 - (1) if the Shares, the subject of the relevant Direction, are held in certificated form, from the date of that person’s failure to comply with the statutory disclosure requirements until the date that is not more than seven days after the earlier of the receipt by the Company of a notice of transfer of those Shares pursuant to an “arm’s length sale” (as that expression is defined in rule 3.32(d)(2)) and due compliance, to the satisfaction of the Company, with the statutory disclosure requirements:
 - (A) (should the Directors so resolve) the holder of the Shares the subject of the Direction shall not be entitled to attend, vote or exercise any other right that person is otherwise entitled to exercise at a general meeting in respect of those Shares;
 - (B) (where the Shares the subject of the Direction represent at least 0.25 per cent of the issued Shares in the same class of Shares and the Directors so resolve) the Company may withhold the payment of any Dividend payable in respect of the Shares the subject of the Direction; and
 - (C) (where the Shares the subject of the Direction represent at least 0.25 per cent of the issued Shares of the same class of Shares and the Directors so resolve) the Shares the subject of the Direction may not be transferred unless transferred by way of an arm’s length sale; or
 - (2) if the Shares, the subject of the relevant Direction, are held in uncertificated form or are held through a holder of depository interests, the Directors may give to the holder of those Shares (Holder) notice requiring that Holder to convert, within the period specified in the notice, those Shares into certificated form and to continue to hold those Shares in certificated form for so long as the failure to comply with the statutory disclosure requirements continues. If the Holder fails to comply with

a notice under this rule 3.32(c)(2) within the time specified in that notice:

- (A) the Directors may take all steps and issue all instructions by means of the relevant computerised or electronic system for market settlement, security transfer and registration or otherwise in the name of the Holder necessary to convert those Shares into certificated form; and
 - (B) any steps taken by the Directors to convert the Shares will be as effective as if those steps had been taken by the registered holder of those Shares. The provisions of rule 3.32(c)(1) shall apply from the date of conversion to certificated form.
- (d) For the purposes of this rule 3.32:
- (1) a person is taken to have a relevant interest in Shares if that person has an interest in a depository interest in Shares;
 - (2) an “arm’s length sale” means a sale to an unconnected party under which the beneficial ownership of the Shares in question passes.
- (e) If the Company becomes Listed, rules 3.32(a) to 3.32(d) (inclusive) shall not have force and effect for so long as it remains Listed during which time the Company must comply with the Corporations Act in respect of the tracing of beneficial ownership.

4. Lien

Lien on share

- 4.1.** The Company has a first and paramount lien on every share (other than a fully paid share) for all money (whether presently payable or not) called or payable at a fixed time in respect of that share and such lien extends to all dividends, rights and other distributions from time to time declared paid or made in respect of that share. Such lien extends to cover reasonable interest (not exceeding 10% per annum) and expenses incurred because such monies are not paid.
- 4.2.** The Company also has a first and paramount lien on all shares (other than fully paid shares) registered in the name of a Member for all money presently payable by that Member to the Company and all money which the Company may be called on by law to pay in respect of the shares of that Member.
- 4.3.** Whenever any law for the time being of any country, state or place imposes any immediate or future or possible liability on the Company to make any payment or empowers any government or taxing authority or government official to require the Company to make any payment in respect of any share registered in the name of any Member (whether solely or jointly with others) or in respect of any dividends or other moneys paid or due or payable or which may become due or payable to that Member by the Company on or in respect of any of those shares the Company in that case:
- (a) is fully indemnified by that Member or that Member's executor or administrator from all that liability;
 - (b) has lien on the shares registered in the name of that Member for all money paid or payable by the Company in respect of those shares under or in consequence of any such law together with interest at the rate, not exceeding 20% per annum, determined by the directors from the date of payment to the date of repayment;
 - (c) has a lien on all dividends, payable in respect of the shares registered in the name of that Member for all moneys paid by the Company in respect of those shares or in respect of such dividends under or in consequence of any such law together with interest at the rate, not exceeding 20% per annum, determined by the Directors from the date of payment to the date of repayment and may deduct or set off against any of those dividends or other moneys any of those moneys paid by the Company together with interest;
 - (d) may recover as a debt due from such Member or that Member's executor or administrator wherever constituted or situated any moneys paid by the Company under any such law; and

- (e) may if any such money is paid by the Company under any such law refuse to register a transfer of any shares other than by a Market Transfer by any such Member or that Member's executor or administrator until such money and interest have been set off or deducted as aforesaid or have been otherwise paid to the Company.

Nothing in this Constitution prejudices or affects any right or remedy which any such law may confer on the Company and as between the Company and every such Member, that Member's executors, administrator and estate wherever constituted or situated any right or remedy which such law confers on the Company is enforceable by the Company.

- 4.4. The Company may do all such things as may be necessary or appropriate for it to do under the ASTC Settlement Rules (and if necessary the ASC Clearing Rules) to protect any lien, charge or other right to which it may be entitled under any law or this Constitution.
- 4.5. The Directors may at any time exempt a share wholly or in part from the provisions of Clauses 4.1 to 4.3.
- 4.6. The Company's lien on a share is extinguished if a transfer of the share is registered without the Company giving notice of the claim to the transferee.

Sale under lien

- 4.7. The Company may sell, in such manner as the Directors think fit, any share on which the Company has a lien as if the share were forfeited subject to Clauses 4.8 and 4.9.
- 4.8. A share on which the Company has a lien may not be sold by the Company unless:
 - (a) a sum in respect of which the lien exists is presently payable; and
 - (b) the Company has, not less than 14 days before the date of sale, given to the registered holder for the time being of the share or the person entitled to the share by reason of the death or bankruptcy of the registered holder, a notice in writing setting out, and demanding payment of, such part of the amount in respect of which the lien exists as is presently payable.

Transfer on sale under lien

- 4.9. For the purpose of giving effect to a sale mentioned in Clause 4.7, the Company may receive the consideration (if any) given for the share so sold and may (if required) execute a transfer of the share sold in favour of the person to whom the share is sold or where the transfer of shares is to be effected as a Market Transfer, the Company may do all such things as may be necessary or appropriate for it to do to effect the transfer.
- 4.10. The title of the transferee to the share is not affected by any irregularity or invalidity in connection with the sale of the share.

Proceeds of sale

- 4.11. The proceeds of a sale mentioned in Clause 4.7 must be applied by the Company in payment of such part of the amount in respect of which the lien exists as is presently payable, and the residue (if any) must (subject to any like lien for sums not presently payable that existed on the share before the sale) be paid to the person entitled to the share at the date of the sale.

5. Calls on shares

Directors to make calls

- 5.1. The Directors may make calls on a Member in respect of any money unpaid on the shares of that Member subject to compliance with the requirements of the Corporations Act, the Listing Rules and the original terms of issue of the shares.
- 5.2. A call may be made payable by instalments.
- 5.3. The Directors may revoke or postpone a call.
- 5.4. A call must be made in accordance with the Listing Rules.

Time of call

- 5.5. A call is deemed to be made at the time when the resolution of the Directors authorising the call is passed.

Notice of call and Members' liability

- 5.6. Each Member must, on receiving at least 15 Business Days notice (or such longer period as the Listing Rules shall require) specifying:
- (a) the name of the Member;
 - (b) the number of shares held by the member;
 - (c) the amount of the call;
 - (d) the due date for payment of the call;
 - (e) the consequences of non-payment of the call;
 - (f) the taxation deductions applicable (if any) and how they may be applied for;
 - (g) market details regarding the shares and any other shares in the Company as required by the Listing Rules; and
 - (h) such other information as required by the Listing Rules,
- pay to the Company at the time or times and place so specified the amount called on the shares.
- 5.7. The joint holders of a share are jointly and severally liable to pay all calls in respect of the share.
- 5.8. The non-receipt of a notice of any call by, or the accidental omission to give notice of a call to, a Member does not invalidate the call.

Interest on default

- 5.9. If a sum called in respect of a share is not paid before or on the day appointed for payment of the sum, the person from whom the sum is due must pay interest on the sum from and including the day for payment to the time of actual payment at the rate, not exceeding 20% per annum, determined by the Directors, but the Directors may waive payment of that interest wholly or in part.

Fixed instalments deemed calls

- 5.10. If by the terms of issue of a share any sum becomes payable on allotment or at a fixed date, then that sum is deemed for the purposes of this Constitution to be a call duly made and payable on the date on which (by the terms of issue) the sum becomes payable.

If a payable sum is not paid, then interest and expenses, forfeiture or otherwise will apply in accordance with the relevant provisions of this Constitution. These provisions will apply as if the sum had become payable by virtue of a call duly made and notified.

Differentiation between shareholders as to calls

- 5.11. The Directors may, on the issue of shares, differentiate between the holders as to the amount of calls to be paid and the times of payment.

Prepayment of calls

- 5.12. The Directors may accept from a Member the whole or a part of the amount unpaid on a share although no part of that amount has been called.
- 5.13. The Directors may authorise payment by the Company of interest on the whole or any part of an amount so accepted, until the amount becomes payable, at such rate, not exceeding the prescribed rate, as is agreed on between the Directors and the Member paying the sum.
- 5.14. For the purposes of Clause 5.13, the prescribed rate of interest is:

- (a) if the Company has, by resolution, fixed a rate - the rate so fixed; and
- (b) in any other case - 10% per annum.

6. Transfer of Shares

General

6.1.

- (a) Subject to this Constitution (and in particular rule 6(1)(b), a Member may transfer all or any of its Shares, or other Securities, by an instrument in writing in any usual or common form or in any other form approved by the Directors.
- (b) The Company may participate in any computerised or electronic system for market settlement, security transfer and registration in which the Corporations Act permits the Company to participate. If the Company participates in such a system, then despite any other provisions of this Constitution:
 - (1) Shares or other Securities may be transferred, and transfers may be registered, in any manner required or permitted by the rules applying in relation to the system;
 - (2) the Company must comply with, and give effect to, those rules; and
 - (3) the Company may, in accordance with those rules, decline to issue share certificates for holdings of Shares.
- (c) An instrument of transfer must be executed by, or on behalf of, both the transferor and the transferee, unless it is a sufficient transfer of Securities within the meaning of the Corporations Act, and properly stamped (if necessary).
- (d) The Company must register all registrable transfer forms, renunciations and transfers, issue transmission receipts, and mark (if marked within 2 Business Days after the transfer form is lodged) or note transfer forms, without charge.
- (e) Subject to compliance with the Listing Rules, a reasonable fee may be charged on the registration of transfer of Shares or other securities

Certificated holding

6.2.

- (a) Except for a proper ASTC transfer, for a transfer of Shares or other Securities in certificated mode:
 - (1) the written instrument of transfer must be left for registration at the registered office of the Company or any other place the Directors determine;
 - (2) unless the Directors otherwise determine either generally or in a particular case, the instrument is to be accompanied by the certificate for the Securities to be transferred;
 - (3) the instrument is to be accompanied by any other evidence which the Directors may require to prove the title of the transferor, the transferor's right to transfer the Securities, execution of the transfer or compliance with the provisions of any law relating to stamp duty.
- (b) Subject to rule 6.2(a), on each application to register the transfer of Securities or to register any person as the holder in respect of any Securities transmitted to that person by operation of law or otherwise, the certificate specifying the Securities in respect of which registration is required must be delivered to the Company for cancellation and on registration the certificate is considered to have been cancelled.

Uncertificated holding

6.3. For a transfer of Shares or other Securities in uncertificated mode:

- (a) if the Company participates in a computerised or electronic system of the kind described in rule 6.1, then transfers must be effected in accordance with the rules applying to the

system; or

- (b) if the Company does not participate in such a system then the Company must, subject to the powers vested in Directors by this Constitution, register the transferee as a Member if:
- (1) the instrument of transfer is left for registration at the company's registered office;
 - (2) any fee payable on registration of the transfer has been paid; and
 - (3) the instrument of transfer is accompanied by such other information as the Directors reasonably require to show the right of the transferor to make the transfer.

Directors' power to decline registration

6.4.

- (a) Subject to rule 6.4(b), the Directors may, in their absolute discretion, refuse to register any transfer of Shares or other Securities:
- (1) on which stamp duty is payable but unpaid;
 - (2) if the Shares are not fully paid or the Company has a lien on the Shares;
 - (3) where the holder of the Shares, or any other person with a relevant interest (as that expression is defined in the Corporations Act) in the Shares, has failed to comply with the statutory disclosure requirements under rule 3.32(a) and rule 3.32(c) applies in respect of that failure; and
 - (4) in any circumstances permitted by the Listing Rules.
- (b) Subject to rule 6.4(c), the Directors must not register, or otherwise give effect to, any transfer of Shares or other Securities which is an ASTC regulated transfer unless the transfer is a proper ASTC transfer and must decline to register any transfer of Shares or other Securities:
- (1) where the Listing Rules require the Company to do so; or
 - (2) where the transfer is in breach of the Listing Rules or any escrow agreement relating to restricted securities entered into by the Company under the Listing Rules.
- (c) The Company must not prevent, delay, refuse, or fail to register, or refuse or fail to give effect to, or in any way, interfere with, a proper ASTC transfer.
- (d) If, in exercise of their rights under rules 6.4(a) and 6.4(b), the Directors refuse to register a transfer of a Security, they must give written notice in accordance with the Listing Rules of the refusal to the transferee and the broker lodging the transfer (if any). Failure to give such notice will not invalidate the decision of the Directors.

Transferor remains member

- 6.5.** Except, where the ASTC Settlement Rules apply to the Company, in the case of a proper ASTC transfer, the transferor of a Share remains the holder of that Share until the transfer is registered and the name of the transferee is entered in the Register of Members in respect of that Share.

Powers of attorney

- 6.6.** Where a power of attorney granted by a Member is lodged with, or produced or exhibited to, the Company and that power of attorney confers power on the attorney to transfer any or all of the Member's Shares, the Company is entitled to assume, as against the Member, that the power remains in full force and effect and may be relied on by the Company until the Company receives express notice in writing at its registered office of either:
- (a) the revocation of the power of attorney; or
 - (b) the death of the Member.

Unmarketable parcels

6.7.

- (a) Where the Company is Listed, if a Member holds an Unmarketable Parcel of Shares, the Company may sell or otherwise dispose of (Divest) those Shares (together with all rights attached to them, including any Dividends declared but unpaid) if that Unmarketable Parcel of Shares was created by the transfer of a parcel of Shares that was an Unmarketable Parcel at the time a proper transfer of the Shares occurred (the Relevant Shares).
- (b) The Company is not required to give a Member any notice in respect of the Relevant Shares before the Company can Divest the Relevant Shares.
- (c) After the Company has Divested the Relevant Shares, the Company shall receive the aggregate proceeds of the sale of all of the Relevant Shares of each Member to whom this clause applies at any time and shall:
 - (1) immediately cause the name of the Purchaser to be entered in the Register of Shareholders as the holder of the Listed Securities sold; and
 - (2) within fourteen days of receipt of the relevant share certificate or otherwise as soon as is practicable, cause the pro rata proportions of the proceeds attributable to each Unmarketable Parcel of Shares to be sent to each Member by cheque mailed to his address in the Register of Shareholders (or in the case of joint holders, to the address of the holder whose name is shown first in the Register of Shareholders), this cheque to be made payable to the Member (or, in the case of joint holders, to them jointly). In the case where a Member's whereabouts are unknown or where a Member fails to return the share certificate or certificates (where required) relating to the Relevant Shares sold, the proceeds of sale shall be applied in accordance with the applicable laws dealing with unclaimed moneys.

Directors' power to decline to register

- 6.8. The Directors may decline to register any transfer of shares (other than a Market Transfer) where the Listing Rules or ASTC Settlement Rules permits or requires the Company to do so.
- 6.9. If in the exercise of their rights under Clause 6.5 the Directors refuse to register a transfer of a security they must give written notice in accordance with the Listing Rules of the refusal to the transferee and the broker lodging the transfer (if any). Failure to give such notice will not invalidate the decision of the Directors.
- 6.10. The Company must not prevent, delay or interfere with the registration of a Market Transfer where to do so would be contrary to the provisions of any of the Listing Rules or the ASTC Settlement Rules, which overrule this Constitution notwithstanding any other provisions contained in this Constitution.

Closure of the register

- 6.11. Subject to the Corporations Act the Listing Rules and the ASTC Settlement Rules the Company may at any time close the Register for a period not exceeding in the whole 30 days in any year.

Company to retain instrument of transfer

- 6.12. The Company must retain every instrument of transfer it receives pursuant to the terms of this Part for registration for such period as the Directors determine.

Other securities

- 6.13. The provisions of this Clause 6 shall apply with necessary alterations to any other Listed Securities for the time being issued by the Company.

7. Transmission of Shares

Transmission of shares on death of holder

- 7.1. If a deceased Member is a joint holder and the survivor or survivors are the only persons

recognised by the Company as having any title to the deceased's interest in the shares the estate of the deceased joint holder will not be released from any liability. The same applies where the deceased Member is a sole holder and the legal representatives are the only persons recognised by the Company as having any title to the deceased's interest in the shares.

Right to registration on death or bankruptcy

7.2. If as a result of the death or bankruptcy of a Member a person becomes entitled to a share, that person may, subject to the Bankruptcy Act 1966 either:

- (a) elect to be registered as a holder of the share; or
- (b) nominate another person to be registered as the transferee of the share.

providing that such information as is required by the Directors is properly produced. Where the surviving joint holder becomes entitled to a share in consequence of the death of a member, the Directors must on satisfactory evidence of that death being produced to them, direct the Register to be altered accordingly.

7.3. If the person becoming entitled elects to be registered as holder of the share under Clause 7.2 the person must deliver or send to the company a notice in writing signed by the person in such form as the Directors approve stating that the person so elects.

7.4. If the person becoming entitled nominates another person to be registered as the transferee of the share under Clause 7.2 the person must do all things necessary or appropriate to effect the transfer.

7.5. All the limitations, restrictions, and provisions of this Constitution the Listing Rules ASTC Settlement Rules or the Corporations Act relating to the transfer, and the registration of transfer of, shares are applicable to any such notice or transfer as if the death or bankruptcy of the Member had not occurred and the actions and procedures taken to effect the transfer were actions taken by that Member.

Effect of transmission

7.6. If the registered holder of a share dies or becomes bankrupt, the personal representative or the trustee of the estate of the registered holder, as the case may be, is, on the production of such information as is properly required by the Directors, entitled to the same dividends and other advantages, and to the same rights (whether in relation to meetings of the Company, or to voting or otherwise), as the registered holder would have been entitled to if the registered holder had not died or become bankrupt.

7.7. If 2 or more persons are jointly entitled to any share in consequence of the death of the registered holder, they are, for the purpose of this Constitution, deemed to be joint holders of the share.

Market transfers not affected

7.8. In the case of a Market Transfer the provisions of this Clause 7 are subject to any such obligation as may be imposed on the Company or the person entitled to the shares in the death or bankruptcy of the Member by the Listing Rules, ASTC Settlement Rules or any law.

8. Forfeiture of Shares

Notice requiring payment of call

8.1. If a Member fails to pay a call or instalment of a call on the day appointed for payment of the call or instalment, the Directors may serve a notice on the Member requiring payment of so much of the call or instalment as is unpaid, together with any interest that has accrued and all costs and expenses that have been incurred by the Company by reason of such non-payment.

8.2. The notice must name a further day being the date 10 Business Days after the day for payment of the call or instalment on or before which the payment required by the notice is to be made and must state that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

Forfeiture for failure to comply with notice

8.3. If the requirements of a notice served under Clause 8.1 are not complied with, any share of which a

call is unpaid at the expiration of 10 Business Days after the day for its payment is thereupon forfeited without any resolution of the Directors to that effect.

- 8.4. Such a forfeiture includes all dividends declared in respect of the forfeited shares and not actually paid before the forfeiture.
- 8.5. Any share forfeited under Clause 8.3 may be sold, re-allotted or otherwise disposed of to whom and on such terms and conditions, subject to the Corporations Act and Listing Rules, as the Directors think fit.
- 8.6. If any share is forfeited under Clause 8.3, notice of the forfeiture must be given to the Member holding the share immediately prior to the forfeiture and an entry of forfeiture with the date thereof must be made in the Register.
- 8.7. The Directors may accept the surrender of any share which they are entitled to forfeit on such terms as they think fit and any share so surrendered is deemed to be a forfeited share.
- 8.8. Failure of the Company to give a notice or effect such entry in the Register will not invalidate the forfeiture.
- 8.9. A Share forfeited immediately becomes the property of the Company and the Directors may sell, re-allot or otherwise dispose of the Share on the terms and conditions, subject to Listing Rules, they determine.

Cancellation of forfeiture

- 8.10. At any time before a sale or disposition of a share, the forfeiture of that share may be cancelled on such terms as the Directors think fit.

Surrender as forfeiture

- 8.11. When the Directors are entitled to forfeit a Share, they may accept the surrender of that Share on any terms and conditions they so determine, and a Share so surrendered may be disposed of in the same way as a Share that has been forfeited.

Directors may waive

- 8.12. The Directors may, subject to the Listing Rules, elect not to enforce payment, in whole or in part, of amounts owing to the Company pursuant to Rule 8.13.

Effect of forfeiture on former holder's liability

- 8.13. If a person ceases to be a Member due to their shares being forfeited, that person remains liable to pay the Company all money that was payable in respect of the shares, at the date of forfeiture. This amount includes interest at the rate, not exceeding 20% per annum, determined by the Directors from the date of forfeiture on the money for the time being unpaid if the Directors think fit to enforce payment of the interest and also expenses owing. Once the Company receives payment in full of all money owing in respect of the shares (including interest and expenses), that person's liability ceases.

Evidence of forfeiture

- 8.14. A statement in writing declaring that the person making the statement is a director or a secretary of the Company, and that a share in the Company has been duly forfeited in accordance with this Constitution on a date stated in the statement, is prima facie evidence of the facts stated in the statement as against all persons claiming to be entitled to the share.

Transfer of forfeited share

- 8.15. The Company may receive the consideration (if any) given for a forfeited share on any sale or disposition of the share and may effect a transfer of the share in favour of the person to whom the share is sold or disposed.
- 8.16. Upon the effecting of the transfer, the transferee must be registered as the holder of the share and is not bound to see to the application of any money paid as consideration.
- 8.17. The title of the transferee to the share is not affected by any irregularity or invalidity in connection

with the forfeiture, sale or disposal of the share.

Forfeiture applies to non-payment of instalment

- 8.18.** The provisions of this Constitution as to forfeiture apply in the case of non-payment of any sum that, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium, as if that sum had been payable by virtue of a call duly made and notified.
- 8.19.** Where the transfer of forfeited shares is to be effected by a ASTC regulated transfer, the Company may do all such things as may be necessary or appropriate for it to do under the ASTC Settlement Rules.

Listing Rules

- 8.20.** The Company shall comply with the Listing Rules with respect to forfeited shares.

Application of proceeds

- 8.21.** The Company must apply the net proceeds of any sale or disposal of a Share (after payment of all costs and expenses incurred) in or towards payment or satisfaction of the money due in respect of that Share and any residue must be paid to the person entitled to that Share immediately prior to the sale or disposal or as that person directs.

9. General Meetings

Annual General Meeting

- 9.1.** Annual general meetings of the Company are to be held in accordance with the Corporations Act and the Listing Rules.

General Meeting

- 9.2.** A Director may convene a general meeting of the Company whenever they think fit provided that if there are no Directors holding office the Secretary shall convene a general meeting for the purpose of electing Directors.
- (a) A meeting of shareholder may be held by means of such telephone, electronic or other communications facilities or technology as approved by the Board, that permits all persons in the meeting to communicate with each other simultaneously and instantaneously.
 - (b) Participation in such a meeting shall constitute presence in person or 'personally' at such meeting (including for the purpose of any quorum requirements in this Constitution).
 - (c) A reference to a 'place' when used in the context of a general meeting may be, but need not be, a physical place, and could be a virtual place.
 - (d) If the technology used in accordance with rule 9.2(a) above, encounters a technical difficulty, whether before or during the meeting, which results in a Member not being able to participate in the meeting, the Chair may, subject to the Corporations Act and this Constitution, allow the meeting to continue or may adjourn the meeting either for such reasonable period as may be required to fix the technology or to such other time and location as the Chair deems appropriate.

Notice of General Meeting

- 9.3.** A notice of a general meeting must specify:
- (a) the place, date and time of the meeting;
 - (b) the general nature of the business of the meeting (except to the extent permitted by rule 9.5); and
 - (c) any other matters required by the Corporations Act and the Listing Rules.
- 9.4.** The non-receipt of notice of a general meeting by, or the accidental omission to give notice of a general meeting to, a person entitled to receive notice does not invalidate any resolution passed at

the general meeting.

Business not requiring notice

9.5. The business of an Annual General Meeting may include:

- (a) the consideration of the annual financial report, directors' report and Auditor's report;
 - (b) the election of Directors;
 - (c) the appointment of the Auditor; and
 - (d) the fixing of the Auditor's remuneration,
- even if not referred to in the notice of meeting.

Requisitioned meeting

9.6. A general meeting shall also be convened on requisition as is provided for by the Corporations Act or in default may be convened by such requisitionists as empowered to do so by the Corporations Act.

Objects of requisitioned meeting

9.7. The requisition for a general meeting must state any resolution to be proposed at the meeting and must be signed by the requisitionists and deposited at the Registered Office, and may consist of several documents if the working at the request is identical in each copy each signed by one or more of the requisitionists.

Expenses of requisitioned meeting

9.8. Any reasonable expenses incurred by the requisitionists by reason of the failure of the Directors to convene a general meeting must be paid to the requisitionists by the Company and any sum so paid may be recovered by the Company in the manner provided in Section 249E (5) of the Corporations Act.

Postponement or cancellation of meeting

9.9. The Directors may postpone or cancel any general meeting whenever they think fit (other than a meeting convened as the result of a requisition under Clause 9.6).

10. Proceedings at General Meetings

Representation of Member

10.1. Any Member may be represented at any meeting of the Company by a proxy or attorney.

10.2. If a body corporate is a Member it may also, by resolution of its directors or other governing body, authorise such person as it thinks fit to act as its representative either at a particular general meeting or at all general meetings of the Company or of any class of Members.

10.3. A person authorised under Clause 10.2 is, in accordance with that authority and until it is revoked by the body corporate, entitled to exercise the same powers on behalf of the body corporate as the body corporate could exercise if it were a natural person who was a Member.

10.4. Unless the contrary intention appears, a reference to a Member in the succeeding provisions of this Part 10 means a Member, a proxy or attorney of a Member or a person appointed under Clause 10.2 to represent a body corporate which is a Member.

Quorum

10.5. No business may be transacted at any general meeting unless a quorum is present.

A quorum consists of:

- (a) if only member is entitled to vote – that member
- (b) if the number of members entitled to vote is 2 or more – 2 of these members

If a quorum is present at the beginning of a meeting it is deemed present throughout the meeting unless the chairman of the meeting otherwise declares, on the chairman's own motion or at the instance of a member, proxy, attorney or representative appointed under Clause 10.2.

Failure to achieve quorum

- 10.6.** If a meeting is convened on the requisition of Members and a quorum is not present within half an hour from the time appointed for the meeting, the meeting must be dissolved.
- 10.7.** If a meeting is convened in any other case and a quorum is not present within half an hour from the time appointed for the meeting:
- (a) the meeting must be adjourned to such day, time and place as the Directors determine or if no determination is made by them to the same day in the next week at the same time and place; and
 - (b) if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting:
 - (1) 2 Members present in person or by proxy, attorney or representative appointed under Clause 10.2 constitute a quorum; or
 - (2) where 2 such persons are not present - the meeting must be dissolved.

Appointment and powers of chairman of general meeting

- 10.8.** If the Directors have elected one of their number as chairman of their meetings, that person must preside as chairman at every general meeting.
- 10.9.** If a general meeting is held and:
- (a) a chairman has not been elected as provided by Clause 10.8 or
 - (b) the chairman is not present within 15 minutes after the time appointed for the holding of the meeting or is unable or unwilling to act,
- then the deputy chairman elected under Clause 13.16 (if any) must act as chairman of the meeting. If there is no such person or that person is absent or unable or unwilling to act, the Directors present must elect one of their number to be chairman of the meeting, or, if no Director is present or if all Directors present decline to take the chair, the Members present must elect one of their number as chairman of the meeting.
- 10.10.** The chairman is responsible for the general conduct of a general meeting and may make rulings and in addition to any general power to adjourn may adjourn the meeting without putting the question to the vote if such action is required to ensure the orderly conduct of the meeting.

Adjournment of general meeting

- 10.11.** The chairman may, with the consent of any meeting at which a quorum is present, and must if so directed by the meeting, adjourn the meeting from day to day, time to time and from place to place, but no business may be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.
- 10.12.** When a meeting is adjourned for 30 days or more, notice of the adjourned meeting must be given as in the case of an original meeting.
- 10.13.** Except as provided by Clause 10.12, it is not necessary to give any notice of an adjournment or of the business to be transacted at any adjourned meeting.

Voting at general meeting

- 10.14.** At any general meeting a resolution put to the vote of the meeting must be decided on a show of hands unless a poll is demanded:
- (a) by the chairman;
 - (b) by not less than 2 Members having the right to vote at the meeting; or

- (c) by a Member or Members present who are together entitled to not less than 5% of the total voting rights of all the Members having the right to vote as the resolution at the meeting.

A poll may be demanded:

- (a) before a vote is taken;
- (b) before the voting results on a show of hands are declared; or
- (c) immediately after the voting results on a show of hands are declared.

Unless a poll is properly demanded, a declaration by the chairman that a resolution has on a show of hands been carried or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the book containing the minutes of the proceedings of the Company, is conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution provided that the declaration reflects the show of hands and the votes of the proxies received.

Before a vote is taken the Chairman must inform the meeting whether any proxy votes have been received and how the proxy votes are to be cast.

Direct Voting

- 10.15.** Despite anything to the contrary in this constitution, the Directors may decide that, at any general meeting, a member who is entitled to attend and vote on a resolution at that meeting is entitled to vote by direct vote in respect of that resolution. A 'direct vote' includes a vote delivered to the Company by post, fax or other electronic means approved by the Directors.

The Directors may prescribe regulations, rules and procedures in relation to direct voting, including specifying the form, method and timing of giving a direct vote at a meeting for the vote to be valid.

A direct vote on a resolution at a general meeting is of no effect and will be disregarded if the direct vote is cast contrary to the regulations, rules and procedures prescribed by the Directors.

If a Member casts a valid direct vote on a particular resolution they are taken to have revoked the authority of a proxy, attorney or Representative to vote on their behalf on that resolution under an instrument of appointment received by the Company before the direct voting instrument was received.

Questions decided by majority

- 10.16.** Subject to the requirements of the Corporations Act in relation to special resolutions, a resolution is taken to be carried if the proportion that the number of votes cast in favour of the resolution exceeds one half of the total number of votes cast on the resolution.

Poll

- 10.17.** If a poll is properly demanded, it must be taken in such manner and (subject to Clause 10.17) either at once or after an interval or adjournment or otherwise as the chairman directs, and the result of the poll is the resolution of the meeting at which the poll was demanded.
- 10.18.** A poll demanded on the election of a chairman or on a question of adjournment must be taken immediately.
- 10.19.** The demand for a poll may be withdrawn.

Equality of votes

- 10.20.** In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting at which the show of hands takes place or at which the poll is demanded, in addition to the vote or votes (if any) to which the chairman may be entitled as a Member, proxy, representative or attorney, has a casting vote. The chairman has a discretion both as to the use

of the casting vote and as to the way in which it is used.

Entitlement to vote

- 10.21.** Subject to any rights or restrictions for the time being attached to any class or classes of shares at general meetings of Members or classes of Members:
- (a) each Member entitled to vote may vote in person or by proxy, attorney or representative;
 - (b) on a show of hands, every person present who is a Member or a proxy, attorney or representative of a Member has one vote;
 - (c) on a poll, every person present who is a Member or a proxy, attorney or representative of a Member shall, in respect of each fully paid share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the share, but in respect of partly paid shares, shall have a fraction of a vote for each partly paid share. The fraction must be equivalent to the proportion which the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited). In this Clause, amounts paid in advance of a call are ignored when calculating the proportion.
- 10.22.** If a Member is present at any meeting of the Company and any one or more proxy, attorney or representative for such a Member is also present, or if more than one proxy, attorney or representative for a Member is present at any meeting of the Company then no such proxy, attorney or representative is entitled to vote on a show of hands and on a poll the vote of each one is of no effect unless each such person is appointed to represent a specified proportion of the Member's voting rights, not exceeding in the aggregate 100%.

Joint shareholder's vote

- 10.23.** In the case of joint holders of a share in the Company the vote of the senior who tenders a vote, whether in person or by proxy, attorney or representative, must be accepted to the exclusion of the votes of the other joint holders and, for this purpose, seniority is determined by the order in which the names stand in the Register.

Vote of shareholder of unsound mind

- 10.24.** If a Member is of unsound mind or is a person whose person or estate is liable to be dealt with in any way under the law relating to mental health then the Member's committee or trustee or such other person as properly has the management of the Member's estate may exercise any rights of the Member in relation to a general meeting as if the committee, trustee or other person were a Member.

Effect of unpaid call

- 10.25.** A Member is not entitled to vote at a general meeting in respect of those shares on which calls are outstanding; this restriction does not apply in respect of those shares on which no calls are outstanding.

Objection to voting qualification

- 10.26.** An objection may be raised to the qualification of a voter only at the meeting or adjourned meeting at which the vote objected to is given or tendered.
- 10.27.** Any such objection must be referred to the chairman of the meeting, whose decision is final.
- 10.28.** A vote not disallowed under such an objection is valid for all purposes.

Appointment of proxy

- 10.29.**
- (a) A Member of a Company who is entitled to attend and cast a vote at a meeting of the Company's members may appoint a person as the member's proxy to attend and vote for the Member at the meeting.
 - (b) The appointment may specify the proportion or number of votes that the proxy may exercise.

- (c) Each Member may appoint a proxy. If the Member is entitled to cast 2 or more votes at the meeting, they may appoint 2 proxies. If the Member appoints 2 proxies and the appointment does not specify the proportion or number of the Member's votes each proxy may exercise, each proxy may exercise half of the votes.
 - (d) Disregard any fractions of votes resulting from the application of paragraphs (b) and (c).
- 10.30.** An instrument appointing a proxy must be in writing under the hand of the appointor or of the appointor's attorney duly authorised in writing or, if the appointor is a corporation, under seal. A proxy need not be a member.
- 10.31.** An instrument appointing a proxy may specify the manner in which the proxy is to vote in respect of a particular resolution and, where an instrument of proxy so provides, the proxy is not entitled to vote on the resolution except as specified in the instrument.
- 10.32.** An instrument appointing a proxy is deemed to confer authority to demand or join in demanding a poll.
- 10.33.** An instrument appointing a proxy must:
- (a) be in the form approved by the Directors from time to time and which complies with the Corporations Act; and
 - (b) comply with the Listing Rules.
- 10.34.** The Directors must issue with the notice of a meeting a form of proxy in blank as to the first proxy but may include the name of any suggested alternative or other proxy.

Deposit of proxy and other instruments

- 10.35.** For an instrument appointing a proxy to be valid, compliance with the following is required:
- (a) the instrument, and the power of attorney or other authority (if any) under which the instrument is signed or a copy or facsimile which appears on its face to be an authentic copy of that power or authority must be certified as a true copy by statutory declaration; and
 - (b) the instrument must be received by the Company not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote at the Registered Office or share registry of the Company or at such other place (as is specified for that purpose in the notice convening the meeting).

Validity of vote in certain circumstances

10.36. Notwithstanding the following:

- (a) previous death or unsoundness of mind of the principal;
- (b) revocation of the instrument (or of the authority under which the instrument was executed) or of the power, or the transfer of the share in respect of which the instrument or power is given.

a vote given in accordance with the terms of an instrument of proxy or of a power of attorney is valid providing that none of the following instances have occurred:

- (a) intimation in writing of the death;
- (b) unsoundness of mind;
- (c) revocation or transfer has been received by the Company at its Registered Office or share registry before the commencement of the meeting or adjourned meeting at which the instrument is used or the power is exercised

Director entitled to notice of meeting

10.37. A Director is entitled to receive notice of and to attend all general meetings and all separate general meetings of the holders of any class of shares in the Company and is entitled to speak at those meetings.

11. The Directors

Number and appointment of Directors

11.1. The number of Directors must not be less than 3 nor more than 10 or such lesser number as the Directors determine provided that the number so determined must not be less than the number of Directors when the determination takes effect. The names of the first Directors of the Company shall be the persons nominated with their consent in the application for registration of the Company or the Directors in office at the time of adoption of this Constitution will continue in office subject to the provisions of this Constitution as the case may be.

The number of Directors must be:

- (a) a minimum of 3; and
- (b) a maximum of 10.

If the Directors determine that less than 3 Directors as a minimum and less than 10 Directors as a maximum should be the number of Directors appointed, then this is allowable only if the number so determined exceeds the number of Directors when the determination takes effect.

The names of the first Directors of the Company will be as follows:

- (a) the persons nominated with their consent in the application for registration of the Company; or
- (b) the Directors in office at the time of adoption of this Constitution will continue in office subject to the provisions of this Constitution.

11.2. The Company in general meeting may, by resolution, increase or reduce the number of Directors and may also determine in what rotation the increase or reduced number is to go out of office.

11.3. Subject to Clause 13.39 at the Annual General Meeting in every year one-third of the Directors for the time being, or, if their number is not 3 nor a multiple of 3, then the number nearest one-third, and any other Director not in such one-third who has held office for 3 years or more (except the Managing Director), must retire from office.

Directors must retire from office at the Annual General Meeting in the following circumstances:

- (a) One third of Directors ;or

- (b) the nearest one-third of Directors if a Director's number is not 3 nor a multiple of 3; and
- (c) any other director not in such one-third who has held office for 3 years or more (except the Managing Director).

This clause is subject to Clause 13.39.

- 11.4.** A retiring Director is eligible for re-election.
- 11.5.** The Directors to retire at any annual general meeting must be those who have been longest in office since their last election, but, as between persons who became Directors on the same day, those to retire must (unless they otherwise agree among themselves) be determined by lot.

The Directors to retire at any Annual General Meeting must be those who have served longest on office since their last election. Where person(s) became Directors on the same day, those to retire must be determined by lot unless this is agreed upon between those person(s).

- 11.6.** No Director except a Managing Director shall hold office for a period in excess of 3 years or until the third annual general meeting following his appointment whichever is the longer without submitting himself for re-election.

Election of Directors

- 11.7.** No person other than a Director seeking re-election shall be eligible for election to the office of Director at any general meeting unless he or some Shareholder intending to propose him has not later than 5 Business Days after the date shown on the notice to the Home Exchange referred to in Clause 9.10(a), left at the Registered Office a notice in writing duly signed by the nominee giving his consent to the nomination and signifying his candidature for the office or the intention of such Shareholder to propose him. Notice of each and every candidature for election as a Director shall be given to each Shareholder with or as part of the notice of the Meeting at which the election is to take place. The Company shall observe the requirements of Section 201E of the Corporations Act with respect to the election of the Directors.

In order for a person to be eligible for election to the office of Director, that person or a Shareholder intending to propose him must do the following:

- (a) Prepare a notice in writing duly signed by the nominee giving his consent to the nomination and signifying his candidature for the office or the intention of such Shareholder to propose him; and
- (b) Leave the notice at the Registered office no later than 5 Business Days after the date shown on the notice to the Home Exchange referred to in Clause 9.10(a).

Notice of each and every candidature for election as a Director must be given to each Shareholder with or as part of the notice of the Meeting at which the election is to take place. When electing Directors, compliance with section 201E of the Corporations Act is required.

- 11.8.** Where the number of nominations for election as a Director exceeds the number of Directors who have or are to resign at the general meeting, the order in which the nominations are to be voted on shall be determined by drawing lots and once the relevant vacancies have been filled, no further nominations shall be voted on.

Qualifications of Directors

- 11.9.** A Director is not required to hold any share in the Company.

Casual vacancy

- 11.10.** The Company in general meeting may by resolution and the Directors may at any time appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors, but so that the total number of Directors does not at any time exceed the number determined in accordance with Clauses 11.1 and 11.2.
- 11.11.** Any Director appointed under Clause 11.10 holds office until the next annual general meeting of the Company and is then eligible for re-election but is not to be taken into account in determining the Directors who are to retire by rotation at that meeting.

Removal of Director

- 11.12.** The Company in general meeting may by resolution (of which notice is given in accordance with the Corporations Act) remove any Director from office and may by resolution appoint another person in that Director's stead.
- 11.13.** Any Director appointed under Clause 11.12 is to be treated, for the purpose of determining the time at which that Director or any other Director is to retire, as if that director had become a Director on the day on which the Director in whose place that Director was appointed was last elected a Director.

Remuneration of Directors

- 11.14.** The Directors will be paid out of the funds of the Company, by way of remuneration for their services as Directors, a sum not exceeding such fixed sum per annum as may be determined by the Directors prior to the first annual general meeting of the Company, to be divided among themselves and in default of agreement then in equal shares. The remuneration of the Directors shall not be increased except pursuant to a resolution passed at a general meeting of the Company where notice of the suggested increase has been given to Members in the notice convening the meeting. No non-executive Director will be paid as part or whole of his remuneration a commission on or a percentage of profits or a commission on or a percentage of operating revenue, and no Executive Director will be paid as whole or part of his remuneration a commission on or percentage of operating revenue.
- 11.15.** The Directors' remuneration is deemed to accrue from day to day.
- 11.16.** If a Director, being willing, is called on to perform extra services or to make any special exertions in going or residing abroad or otherwise for the Company, the Company may remunerate that Director by payment of a fixed sum determined by the Directors and that remuneration may be either in addition to or in substitution for that Director's share in the remuneration provided for in Clause 11.14.

The Company may remunerate a Director who is called upon to perform extra services in going or residing abroad or otherwise for the Company.

Remuneration may be:

- (a) in the form of a fixed sum determined by the Directors; and
 - (b) in addition to or in substitution for that Director's share in the remuneration provided for in Clause 11.14.
- 11.17.** The Directors may also be paid all travelling and other expenses properly incurred by them in attending, participating in and returning from meetings of the Directors or any committee of the Directors or general meetings of the Company or otherwise in connection with the business of the Company.

Directors' interests

- 11.18.** Subject to Clause 11.20 no Director is disqualified by his office from contracting with the Company whether as vendor purchaser or otherwise, nor shall any such contract or any contract or arrangement entered into by or on behalf of the Company in which any Director shall be in any way interested be avoided or prejudiced on that account, nor shall any Director be liable to account to the Company for any profit arising from any such contract or agreement by reason only of such Director holding that office or of the fiduciary relationship thereby established.

A Director will not be:

- (a) disqualified by his office if he/she contracts with the Company whether as vendor, purchaser or otherwise;
- (b) liable to account to the Company for any profit arising from any such contract or agreement by reason only of such Director holding that office or of the fiduciary relationship thereby established.

If a contract or arrangement is entered into by or on behalf of the Company and a Director is in any way interested, that contract or arrangement should not be avoided or prejudiced for this reason.

- 11.19.** A director who has a material personal interest in a matter that relates to the affairs of the Company must give to the other directors notice of the interest unless such interest falls within the exception of Section 191 (2) of the Corporations Act. The nature of this interest must be disclosed by the director at a directors' meeting as soon as practicable after the relevant facts have come to his knowledge and such director must comply with the requirements of Sections 191, 192 and 195 of the Corporations Act.
- 11.20.** Subject to the requirements of Sections 191 and 192 of the Corporations Act, a standing notice that a Director has an interest in any matter shall be a sufficient disclosure under this Clause as regards the interest of the Director in any transactions relating to the matter and after such standing notice it shall not be necessary for such Director to give a special notice relating to any particular transaction relating to that matter.

Related Body Corporate contracts

- 11.21.** Subject to the requirements of Chapter 2E and of Section 191 of the Corporations Act a Director will not be deemed to be interested or to have been at any time interested in any contract or arrangement by reason only that in a case where the contract has been or will be made with, for the benefit of, or on behalf of a Related Body Corporate, he is a director in that Related Body Corporate.

Vacation of office of Director

- 11.22.** In addition to the circumstances in which the office of a Director becomes vacant under the Corporations Act, the office of a Director becomes vacant if the Director:
- (a) becomes of unsound mind or a person whose person or estate is liable to be dealt with in any way under the law relating to mental health;
 - (b) resigns from the office by notice in writing to the Company;
 - (c) is absent without the consent of the remaining Directors from meetings of the Directors held during a period of 6 months;
 - (d) is removed from office under Clause 11.12;
 - (e) ceases to be a Director by virtue of Section 206A or any other provision of the Corporations Act;
 - (f) becomes bankrupt or makes any arrangement or composition with his creditors generally; or
 - (g) becomes prohibited from being a Director by reason of any order made under the Corporations Act.

12. Powers and Duties of Directors

Directors to manage Company

- 12.1.** The business of the Company is managed by the Directors, who may exercise all such powers of the Company as are not, by the Corporations Act or by this Constitution, required to be exercised by the Company in general meeting. This clause is subject to the Corporations Act the Listing Rules and to any other provision of this Constitution.
- 12.2.** Without limiting the generality of Clause 12.1, the Directors may at any time:
- (a) exercise all the powers of the Company to borrow or raise money, to charge any property or business of the Company or all or any of its uncalled capital and to issue debentures or give any other security for a debt, liability or obligation of the Company or of any other person;

- (b) sell or otherwise dispose of the whole or any part of the assets, undertakings and other properties of the Company or any that may be hereafter acquired on such terms and conditions as they may deem advisable, but:
 - (1) the Company shall comply with the Listing Rules;
 - (2) any sale or disposal of the Company's main undertaking will only be made subject to the prior approval or ratification of the sale or disposal by the Company in general meeting; and
 - (3) on the sale or disposition of the Company's main undertaking or on the liquidation of the Company, no commission or fee will be paid to any Director or Directors or to any liquidator of the Company unless it has been ratified by the Company in general meeting, with prior notification of the amount of such proposed payments having been given to all Members at least 10 days prior to the meeting at which any such payment is to be considered; and
- (c) take any action necessary or desirable to enable the Company to comply with the Listing Rules.

12.3. The Directors may raise or secure the payment or repayment of moneys or any debt, liability or obligation in such manner and on such terms and conditions in all respects as they may determine and in particular by the issue of debentures, debenture stock (perpetual or otherwise), bonds, notes or other securities or debt instruments the payment of which may be charged on all or any part of the property of the Company (both present and future) including its uncalled capital for the time being.

12.4. Debentures, debenture stock, bonds, notes or other securities or debt instruments may be made assignable free from any equities between the Company and the person to whom the same may be issued.

12.5. Any debentures, debenture stock, bonds, notes or other securities or debt instruments may be issued at the discretion of the Directors at a discount, premium or otherwise and with any special privileges as to redemption, surrender, drawings, allotment of shares, attending and voting at general meetings of the Company, appointment of Directors and otherwise.

Appointment of attorney

12.6. The Directors may, by power of attorney, appoint any person or persons to be the attorney or attorneys of the Company for such purposes, with such powers, authorities and discretions (being powers, authorities and discretions vested in or exercisable by the Directors), for such period and subject to such conditions as they think fit.

12.7. Any such power of attorney may contain such provisions for the protection and convenience of persons dealing with the attorney as the Directors think fit and may also authorise the attorney to delegate all or any of the powers, authorities and discretions vested in the attorney.

Minutes

12.8. The Directors must cause minutes to be made:

- (a) of the names of the Directors present at or involved in all general meetings and all meetings of the Directors; and
- (b) of all proceedings of general meetings and of meetings of Directors,

and cause those minutes to be entered, within one month after the relevant meeting is held, in the minute book.

12.9. The minutes referred to in Clause 12.8 must be signed by the chairman of the meeting at which the proceedings took place or by the chairman of the next succeeding meeting.

Execution of Company cheques, etc

- 12.10.** All cheques, promissory notes, bankers' drafts, bills of exchange and other negotiable instruments, and all receipts for money paid to the Company, must be signed, drawn, accepted, endorsed or otherwise executed, as the case may be, in such manner and by such persons as the Directors determine from time to time.

Retirement benefits for Directors

- 12.11.** The Directors may at any time adopt any scheme or plan which they consider to be in the interest of the Company and which is designed to provide retiring or superannuation benefits for both present and future non-executive Directors, and they may from time to time vary any such scheme or plan. Any scheme or plan may be effected by agreements entered into by the Company with individual Directors, or by the establishment of a separate trust or fund, or in such other manner as the Directors consider proper. The Directors may attach such terms and conditions to any entitlement under any such scheme or plan as they think fit, including, without limitation, a minimum period of service by a Director before the accrual of any entitlement and the acceptance by the Directors of a prescribed retiring age. No such scheme or plan shall operate to confer upon any Director or on any of the dependants of any Director any benefits exceeding those permitted by Section 200G of the Corporations Act, except with the approval of the Company in general meeting.

Securities to Directors

- 12.12.** If the Director acting solely in his capacity as a Director of the Company shall become personally liable for the payment of any sum primarily due by the Company, the Directors may create any mortgage, charge or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the persons or person so becoming liable from any loss in respect of such liability.

13. Proceedings of Directors

Directors' meetings

- 13.1.** The Directors may meet together for the dispatch of business and adjourn and otherwise regulate their meetings as they think fit.
- 13.2.** A Director may at any time, and the Secretary must on the requisition of a Director, convene a meeting of the Directors but not less than 48 hours' notice of every such Directors meeting shall be given to each Director either by personal telephone contact or in writing by the convenor thereof. The Directors may by unanimous resolution agree to shorter notice.

Questions decided by majority

- 13.3.** Subject to this Constitution and to the provisions of Section 195 of the Corporations Act, questions arising at a meeting of Directors are to be decided by a majority of votes of Directors involved and voting and any such decision is for all purposes deemed a decision of the Directors.
- 13.4.** An Alternate Director involved in any meeting of Directors has one vote for each Director for which that person is an Alternate Director and if that person is a Director also has one vote as a Director.
- 13.5.** In the event of there being an equality of votes, the chairman of the meeting, in addition to the chairman's deliberate vote, has a casting vote except where only two Directors are present and entitled to vote on a question. The Chairman has a discretion both as to whether or not to use the casting vote and as to which way it is used.

Alternate Directors

- 13.6.** A Director may, with the approval of the Directors, appoint a person (whether a Member of the Company or not) to be an Alternate director in the Director's place during such period as the Director thinks fit.
- 13.7.** An Alternate Director is entitled to notice of all meetings of the Directors and, if the appointor is not involved in such a meeting, is entitled to participate and vote in the appointor's stead.

- 13.8.** An Alternate Director may exercise any powers that the appointor may exercise and in the exercise of any such power the Alternate Director is an officer of the Company and is not deemed an agent of the appointor.
- 13.9.** An Alternate Director is not required to hold any share in the Company.
- 13.10.** An Alternate Director is subject in all respects to the conditions attaching to the Directors generally except that an Alternate Director is not entitled to any remuneration under Clause 11.15 otherwise than from the Alternate Director's appointor.
- 13.11.** The appointment of an Alternate Director may be terminated at any time by the appointor notwithstanding that the period of the appointment of the Alternate Director has not expired, and terminates in any event if the appointor vacates office as a Director.
- 13.12.** An appointment, or the termination of an appointment, of an Alternate Director must be effected by a notice in writing signed by the Director who makes or made the appointment and served on the Company.
- 13.13.** The notice of appointment or termination of appointment of an Alternate Director may be served on the Company by leaving it at the Registered Office or by forwarding it by facsimile transmission to the Registered Office and in the case of a facsimile transmission, the appearance at the end of the message of the name of the Director appointing or terminating the appointment is sufficient evidence that the Director has signed the notice.

Quorum for Directors' meetings

- 13.14.** At a meeting of Directors, the number of Directors whose involvement is necessary to constitute a quorum is 2, or such greater number as is determined by the Directors from time to time. However, if there are not enough directors to form a quorum for a directors meeting because of the provisions of Sub-section 195 (1) of the Corporations Act one or more directors (including those who have a material personal interest in that matter) may call a general meeting and the general meeting may pass a resolution to deal with the matter. Provided a quorum is present at the place where the meeting is held, other Directors unable to attend in person may participate in the proceedings of the meeting in accordance with Clauses 13.32 and 13.33.

Remaining Directors may act

- 13.15.** In the event of a vacancy or vacancies in the office of a Director or offices of Directors, the remaining Director or Directors may act but, if the number of remaining Directors is not sufficient to constitute a quorum at a meeting of Directors, they may act only for the purpose of:
- (a) increasing the number of Directors to a number sufficient to constitute such a quorum; or
 - (b) convening a general meeting of the Company.

Chairman of Directors

- 13.16.** The Directors must elect one of their number as chairman of their meetings and may determine the period for which the person elected as chairman is to hold office. The Directors may also elect one of their number as deputy-chairman of their meetings and may determine the period for which the person elected as deputy-chairman is to hold office.
- 13.17.** When a Directors' meeting is held and:
- (a) a chairman has not been elected as provided by Clause 13.16; or
 - (b) the chairman is not present within 10 minutes after the time appointed for the holding of the meeting or is unable or unwilling to act,
- the deputy-chairman (if any) must act as chairman of the meeting. If there is no such person or that person is absent or unable or unwilling to act, the Directors involved must elect one of their number to be a chairman of the meeting.

Directors' committees

- 13.18.** The Directors may delegate any of their powers, other than powers required by law to be dealt with by the directors as a board, to a committee or committees consisting of at least one of their number and such other persons as they think fit.
- 13.19.** A committee to which any powers have been so delegated must exercise the powers delegated in accordance with any directions of the Directors and a power so exercised is deemed to have been exercised by the Directors.
- 13.20.** The members of such a committee may elect one of their number as chairman of their meetings.
- 13.21.** If such a meeting is held and:
- (a) a chairman has not been elected as provided by Clause 13.20; or
 - (b) the chairman is not present within 10 minutes after the time appointed for the holding of the meeting or is unable or unwilling to act.
- the members involved may elect one of their number to be chairman of the meeting.
- 13.22.** A committee may meet and adjourn as it thinks proper.
- 13.23.** Questions arising at a meeting of a committee are to be determined by a majority of votes of the members involved and voting.
- 13.24.** In the event of there being an equality of votes, the chairman, in addition to the chairman's deliberative vote, has a casting vote.

Written resolution by Directors

- 13.25.** A resolution in writing signed by all Directors for the time being or their respective alternate Directors (except those Directors (or their alternates) who expressly indicate their abstention in writing to the Company and those who would not be permitted by virtue of Section 195 of the Corporations Act to vote were the resolution to be put to a meeting of the Directors) shall be as valid and effectual as if it had been passed at a Directors' meeting duly convened and held.
- Any such resolution may consist of several documents in like form but each document must contain a statement that the Directors are in favour of the resolution and the wording of the resolution and the statement of the Directors must be identical, each document signed by one or more Directors.
- A telex, telegram, facsimile transmission or other document produced by mechanical means and bearing the signature of the Director, printed mechanically and with his authority, shall be deemed to be a document in writing signed by the Director.

Defective appointment

- 13.26.** All acts done by any Directors' meeting or of a committee of Directors or by any person acting as a Director are, notwithstanding that it is afterwards discovered that there was some defect in the appointment of a person to be, or to act as, a Director, or that a person so appointed was disqualified, as valid as if the person had been duly appointed and was qualified to be a Director or to be a member of the committee.

Directors may hold other offices

- 13.27.** A Director may hold any other office or place of profit in or in relation to the Company (except that of auditor) in conjunction with his office of Director and on such terms as to remuneration or otherwise as the Directors shall approve.

Directors may hold shares, etc

- 13.28.** A Director may be or become a shareholder in or director of or hold any other office or place of profit in or in relation to any other company promoted by the Company or in which the Company may be interested, whether as a vendor, shareholder or otherwise.

Directors not accountable for benefits

- 13.29.** No Director shall be accountable for any benefits received as the holder of any other office or place of profit in or in relation to the Company or any other company referred to in Clause 13.28 or as a shareholder in or director of any such other company.

Voting, affixation of seal

- 13.30.** A Director may in all respects act as a Director in relation to any contract or arrangement in which he is interested, including, without limiting the generality of the foregoing, in relation to the execution of the contract or agreement or the use of the Company's common seal, but he may not vote in relation to any contract or proposed contract or arrangement in which he has directly or indirectly a material interest and in that respect he shall comply with the requirements of Sections 191 and 192 of the Corporations Act.

Exchange to be advised

- 13.31.** The Directors shall advise the Company, which in turn shall advise the Exchange without delay of any material contract involving Directors' interests. The advice shall include at least the following information:
- (a) the names of the parties to the contract;
 - (b) the name or names of the Director or Directors who has or have any material interest in the contract;
 - (c) particulars of the contract; and
 - (d) particulars of the relevant Director's or Director's interest or interests in that contract.

Meetings to be effectual

- 13.32.** For the purposes of this Constitution, but subject to Clause 13.14, the contemporaneous linking together by instantaneous communication device of a number of consenting Directors not less than the quorum, whether or not any one or more of the Directors is out of Australia, shall be deemed to constitute a Directors' meeting and all the provisions of this Constitution as to the Directors' meetings shall apply to such meetings held by instantaneous communication device so long as the following conditions are met:
- (a) all the Directors for the time being entitled to receive notice of the Directors' meeting (including any alternate for any Director) shall be entitled to notice of a meeting by instantaneous communication device for the purposes of such meeting. Notice of any such Directors' meeting shall be given on the instantaneous communication device or in any other manner permitted by this Constitution;
 - (b) each of the Directors taking part in the Directors' meeting by instantaneous communication device must be able to hear each of the other Directors taking part at the commencement of the Directors' meeting; and
 - (c) at the commencement of the Directors' meeting each Director must acknowledge his presence for the purpose of a Directors' meeting of the Company to all the other Directors taking part.

Procedure at meetings

- 13.33.** A Director may not leave a Directors' meeting held under Clause 13.32 by disconnecting his instantaneous communication device unless he has previously obtained the express consent of the Chairman of the Directors' meeting and shall be conclusively presumed to have been present and to have formed part of the quorum at all times during the Directors' meeting by instantaneous communication device unless he has previously obtained the express consent of the Chairman of the Directors' meeting to leave the Directors' meeting as aforesaid. However, if the Director would not be permitted by virtue of Section 195 of the Corporations Act to be present or to vote during the consideration of a matter then such Director may disconnect his instantaneous communication device during the consideration of such matter without obtaining the express consent of the Chairman and he shall not be counted for the purpose of determining a quorum during the consideration of that matter.

Minutes

- 13.34.** A minute of the proceedings at a Directors' meeting held under Clause 13.32 shall be sufficient evidence of such proceedings and of the observance of all necessary formalities if certified as a correct minute by the Chairman or the person taking the chair at the Directors' meeting under Clause 13.32.

Definition

- 13.35.** For the purpose of this Constitution "instantaneous communication device" shall include telephone, television or any other audio or audio-visual device which permits instantaneous communication.

Appointment of Managing Director

- 13.36.** The Directors may from time to time appoint one or more of their number to the office of Managing Director or Managing Directors of the Company or to the office of Executive Director or Executive Directors either for a fixed term or at will, but not for life and, subject to the terms of any agreement entered into in a particular case, may revoke any such appointment. The appointment of a Managing Director or Executive Director so appointed automatically terminates if he ceases for any reason to be a Director.

Remuneration

- 13.37.** Subject to Clause 11.15 a Managing Director or Executive Director shall, subject to the terms of any agreement entered into in a particular case, receive such remuneration (whether by way of salary, commission or participation in profits, or partly in one way and partly in another) as the Directors may determine.

Powers

- 13.38.** The Directors may, upon such terms and conditions and with such restrictions as they think fit confer upon a Managing Director or Executive Director any of the powers exercisable by them. Any powers so conferred may be concurrent with, or be to the exclusion of, the powers of the Directors. The Directors may at any time withdraw or vary any of the powers so conferred on a Managing Director or an Executive Director.

Rotation

- 13.39.** A Managing Director shall not retire by rotation in accordance with Clause 11.3, but if there is more than one Managing Director then the first appointed Managing Director shall not be subject to re-election and the other Managing Director and the Executive Directors shall be subject to re-election.

14. Secretary

Appointment of Secretary

- 14.1.** There must be at least one Secretary of the Company who may be appointed by the Directors for such term, at such remuneration and on such conditions as they think fit.

Suspension and removal of Secretary

- 14.2.** The Directors have power to suspend or remove a Secretary.

Powers and duties of Secretary

- 14.3.** The Directors may vest in a Secretary such powers, duties and authorities as they may from time to time determine and a Secretary must exercise all such powers and authorities subject at all times to the control of the Directors.

Secretary to attend meetings

- 14.4.** A Secretary is entitled to participate in all meetings of the Directors and all general meetings of the Company and may be heard on any matter.

15. Common Seal and Official Seal

Custody of common seal

- 15.1.** The Directors may provide for a common seal and must provide for the safe custody of the common seal.

Use of common seal

- 15.2.** The common seal may be used only by the authority of the Directors, or of a committee of the Directors authorised by the Directors to authorise the use of the common seal, and every document to which the common seal is affixed must be signed by a Director and be countersigned by another Director, a Secretary or another person appointed by the Directors to countersign that document or a class of documents in which that document is included.

Execution of documents without the common seal

- 15.3.** The Company may execute a document without using a common seal if the document is signed by:
- (a) 2 Directors; or
 - (b) a Director and a Secretary.

16. Inspection of Records

Inspection by Members

- 16.1.** Except as otherwise required by the Corporations Act, the Directors may determine whether and to what extent, and at what times and places and under what conditions, the accounting records and other documents of the Company or any of them will be open to the inspection of Members other than Directors, and a Member other than a Director does not have the right to inspect any document of the Company except as provided by law or authorised by the Directors or by the Company in general meeting.

17. Dividends and Reserves

Declaration of dividend

- 17.1.** Subject to the rights of persons (if any) entitled to shares with special rights to dividend, the Directors may declare a final dividend in accordance with the Corporations Act and may authorise the payment or crediting by the Company to the Members of such a dividend.

Directors may authorise interim dividend

- 17.2.** The Directors may authorise the payment or crediting by the Company to the Members of such interim dividends as appear to the Directors to be justified subject to the requirements of the Corporations Act.

No interest on dividends

- 17.3.** Interest may not be paid by the Company in respect of any dividend, whether final or interim.

Reserves and profits carried forward

- 17.4.** The Directors may, before declaring any dividend, set aside out of the profits of the Company such sums as they think proper as reserves, to be applied, at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.
- 17.5.** Pending any such application, the reserves may, at the discretion of the Directors, be used in the business of the Company or be invested in such investments as the Directors think fit.
- 17.6.** The Directors may carry forward so much of the profits remaining as they consider ought not to be distributed as dividends without transferring those profits to a reserve.

Calculation and apportionment of dividends

- 17.7.** Subject to the provisions of the Corporations Act and to the rights of persons (if any) entitled to shares with special rights as to dividend all dividends are to be declared and paid according to the amounts paid or credited as paid on the shares in respect of which the dividends is paid.
- 17.8.** Subject to the provisions of the Corporations Act unless any share is issued on terms providing to the contrary, all dividends are to be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid.
- 17.9.** An amount paid or credited as paid on a share in advance of a call is not to be taken as paid or credited as paid on the share for the purposes of Clause 17.7 and 17.8.

Deductions from dividends

- 17.10.** The Directors may deduct from any dividend payable to a Member all sums of money (if any) presently payable by that Member to the Company on account of calls or otherwise in relation to shares in the Company.

Distribution of specific assets

- 17.11.** The Directors, when paying or declaring a dividend, may direct payment of a dividend wholly or partly by the distribution of specific assets, including fully paid shares in, debentures of or other securities of, the Company or any other corporation.
- 17.12.** If a difficulty arises in regard to such a distribution, the directors may settle the matter as they consider expedient and fix the value for distribution of the specific assets or any part of those assets and may determine that cash payments will be made to any Members on the basis of the value so fixed in order to adjust the rights of all parties, and may vest any such specific assets in trustees as the Directors consider expedient. If a distribution of specific assets to a particular Member or Members is illegal or, in the Directors' opinion, impracticable then the Directors may make a cash payment to that Member or Members on the basis of the cash amount of the dividend instead of the distribution of specific assets.

Payment by cheque and receipts from joint holders

- 17.13.** Any dividend, interest or other money payable in cash in respect of shares may be paid by cheque sent through the post directed:
- (a) to the address of the holder as shown in the Register or, in the case of joint holders, to the address shown in the Register as the address of the joint holder first named in the Register; or
 - (b) to such other address as the holder or joint holders in writing directs or direct.
- 17.14.** Any one or two or more joint holders may give effectual receipts for any dividends, interest or other money payable in respect of the shares held by them as joint holders.

Bonus Share Plan

- 17.15.** The Company may, by ordinary resolution in general meeting, authorise the Directors to implement a Bonus Share Plan on such terms and conditions as are referred to in such resolution and which plan provides for any dividend which the Directors may declare from time to time under the Clauses in this Part 17, less any amount which the Company shall either pursuant to this Constitution or any law be entitled or obliged to retain, not be payable on shares which are participating shares in the Bonus Share Plan but for those shares to carry instead an entitlement to receive an allotment of additional fully paid ordinary shares to be issued as bonus shares.
- 17.16.** Any resolution passed by the Company in general meeting pursuant to Clause 17.15 may, at any time, be amended or revoked by the Company by ordinary resolution in general meeting.

Dividend plans

17.17.

- (a) Notwithstanding any other provision of this Constitution, but subject to the requirements of the Corporations Act and, if applicable, the Listing Rules, the Directors may in their absolute discretion establish on such terms and conditions as they think fit:
 - (1) plans (to be called a "dividend reinvestment plan" or an "interest reinvestment plan" as the case may be) for cash dividends paid by the Company in respect of shares issued by the Company and interest paid by the Company on unsecured notes or debenture stock issued by the Company to be reinvested by way of subscription for shares in the Company; and
 - (2) a plan (to be called a "dividend election plan") permitting holders of shares to the extent that his shares are fully paid up, to have the option to elect to forego his right to share in any dividends (whether interim or otherwise) payable in respect of such shares and to receive instead an issue of shares credited as fully paid up to the extent as determined by the Directors.
- (b) The Directors may in their absolute discretion, modify, suspend or terminate all or any plans established pursuant to the Clause 17.17 from time to time on not less than one month's written notice to all Members.
- (c) The powers given to the Directors by this Clause 17.17 are additional to the other powers reposed in the Directors by this Constitution and shall not in any way be limited, restricted or otherwise affected by the Clauses in this Part 17 and 18 inclusive.

Unclaimed dividends

- 17.18.** All dividends declared but unclaimed may be invested by the Directors as they think fit for the benefit of the Company until claimed or until required to be dealt with in accordance with any law relating to unclaimed moneys.

18. Capitalisation of Profits

Capitalisation of reserves and profits

- 18.1.** Subject to the Listing Rules a Company may capitalise profits. The capitalisation need not be accompanied by the issue of shares.
- 18.2.** Subject to the Listing Rules if the capitalisation involves the issue of shares the Directors may do all things necessary to give effect to the resolution and, in particular, to the extent necessary to adjust the rights of the Members among themselves, may:
- (a) issue fractional certificates or make cash payments in cases where shares or debentures become issuable in fractions; and
 - (b) authorise any person to make, on behalf of all or any of the Members entitled to any further shares or debentures on the capitalisation, an agreement with the Company providing for the issue to them, credited as fully paid up, of any such further shares or debentures or for the payment up by the Company on their behalf of the amounts or any part of the amounts remaining unpaid on their existing shares by the application of their respective proportions of the sum resolved to be capitalised, and any such agreement is effective and binding on all the Members concerned.

19. Notices

Service of notices

- 19.1.** A notice may be given by the Company to any Member or other person receiving notice under this Constitution either by serving it on the person personally or by sending it by post or facsimile transmission to the person at their address as shown in the Register or the address or number supplied by the person to the Company for the giving of notices to the person or to the electronic address nominated by that person.

- 19.2.** If a notice is sent by post, service of the notice is deemed to be effected by properly addressing, prepaying, and posting a letter containing the notice, and the notice is deemed to have been served three (3) days after the date of its posting.
- 19.3.** If a notice is sent by facsimile transmission or other electronic means, service of the notice is deemed to be effected by properly addressing the facsimile transmission and transmitting same and to have been served on the Business Day following its despatch.
- 19.4.** A notice may be given by the company to the joint holders of a share by giving the notice to the joint holder first named in the Register in respect of the share.
- 19.5.** Every person who by operation of law, transfer or other means whatsoever becomes entitled to any share is absolutely bound by every notice given in accordance with this Constitution to the person from whom that person derives title prior to registration of that person's title in the Register.
- 19.6.** All notices sent by post outside Australia must be sent by pre-paid airmail post or facsimile or in another way that ensures that it will be received quickly or by the means provided by Clause 19.10.

Persons entitled to notice of general meeting

- 19.7.** Notice of every general meeting must be given in a manner authorised by Clauses 19.1 to 19.6 (inclusive) and in accordance with the Corporations Act to:
- (a) every Member;
 - (b) every Director or Alternate Director;
 - (c) the Auditor;
 - (d) the Exchange (if the Company is listed); and
 - (e) every person entitled to a share in consequence of the death or bankruptcy of a Member who, but for his death or bankruptcy, would be entitled to receive notice of the meeting.
- 19.8.** No other person is entitled to receive notices of general meetings.

Change of address

- 19.9.** The Company shall acknowledge receipt of all notifications of change of address by holders of partly paid shares.

Incorrect address

- 19.10.** Where the Company has bona fide reason to believe that a Member is not known at his registered address, and the Company has subsequently made an enquiry in writing at that address as to the whereabouts of the Member which enquiry either elicits no response or a response indicating that the Member or his present whereabouts are unknown, all future notices will be deemed to be given to such Member if the notice is exhibited in the Registered Office (or, in the case of a member registered on a Branch Register, in a conspicuous place in the place where the Branch Register is kept) for a period of 48 hours (and shall be deemed to be duly served at the commencement of that period) unless and until the Member informs the Company that he has resumed residence at this registered address or notifies the Company of a new address to which the Company may send him notices (which new address shall be deemed his registered address).

20. Audit and Accounts

Company to keep accounts

- 20.1.** The directors must cause the Company to keep accounts of the business of the Company in accordance with the requirements of the Corporations Act and the Listing Rules.

Company to audit accounts

- 20.2.** The directors must cause the accounts of the Company to be audited in accordance with the requirements of the Corporations Act and the Listing Rules.

21. Winding Up

Distribution of assets

- 21.1.** Subject to Clause 21.3, if the Company is wound up, the liquidator may, with the sanction of a special resolution of the Company, divide among the Members in kind the whole or any part of the property of the Company and may for that purpose set such value as the liquidator considers fair on any property to be so divided and may determine how the division is to be carried out as between the Members or different classes of Members.
- 21.2.** The liquidator may, with the sanction of a special resolution of the Company, vest the whole or any part of any such property in trustees on such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Member is compelled to accept any shares or other securities in respect of which there is any liability.

Order for Winding Up

- 21.3.** Where an order is made for the winding up of the Company or it is resolved by special resolution to wind up the Company, then on a distribution of assets to members, shares classified by the Exchange as Restricted Securities at the time of the commencement of the winding up shall rank in priority after all other shares.
- 21.4.** Subject to the rights of Members (if any) entitled to shares with special rights in a winding-up, all monies and property that are to be distributed among Members on a winding-up, shall be so distributed in proportion to the shares held by them respectively, irrespective of the amount paid-up or credited as paid up on the shares.

22. Indemnity

Except as may be prohibited by Sections 199A and 199B of the Corporations Act every Officer, auditor or agent of the Company shall be indemnified out of the property of the Company against any liability incurred by him in his capacity as Officer, auditor or agent of the Company or any related corporation in respect of any act or omission whatsoever and howsoever occurring or in defending any proceedings, whether civil or criminal.

23. Overseas Members

Each Member with a registered address outside Australia acknowledges that, with the approval of the Exchange, the Company may, as contemplated by and in accordance with the Listing Rules, arrange for a nominee to dispose of any of its entitlement to participate in any issue of shares or options by the Company to Members.

24. Listing Rules

Listing Rules

- 24.1.** If the Company is admitted to the Official List of the Exchange, the following clauses apply:
- (a) Notwithstanding anything contained in this Constitution, if the Listing Rules prohibit an act being done, the act shall not be done.
 - (b) Nothing contained in this Constitution prevents an act being done that the Listing Rules require to be done.
 - (c) If the Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be).
 - (d) If the Listing Rules require this Constitution to contain a provision and it does not contain such a provision, this Constitution is deemed to contain that provision.

- (e) If the Listing Rules require this Constitution not to contain a provision and it contains such a provision, this Constitution is deemed not to contain that provision.
- (f) If any provision of this Constitution is or becomes inconsistent with the Listing Rules, this Constitution is deemed not to contain that provision to the extent of the inconsistency.

25. Chess

Participation

- 25.1.** The Directors may do anything permitted by the Corporations Act, the Listing Rules or the ASTC Settlement Rules which they consider necessary or desirable in connection with the participation of the Company in any computerised or electronic system established or recognised by the Corporations Act, the Listing Rules or the ASTC Settlement Rules for the purpose of facilitating dealings in shares.

Sub-register

- 25.2.** The Company may provide facilities for members to hold securities in the Company on an issuer sponsored sub-register in accordance with the Listing Rules and the ASTC Settlement Rules.

Lien

- 25.3.** The Company may do anything necessary or desirable for it to do under the ASTC Settlement Rules to protect or enforce any lien, charge or other right to which it is entitled under any law or under this Constitution.

Compliance with ASTC Settlement Rules and ASC Clearing Rules

- 25.4.** The Company shall comply:
- (a) with the Listing Rules and with the ASTC Settlement Rules in respect of its participation in CHESS;
 - (b) with the ASC Clearing Rules as required.

26. Wholly Owned Subsidiary

Directors' authority to act

At any time when the Company is a wholly-owned subsidiary of another body corporate, each Director is authorised to act in the best interests of that body corporate.

27. Miscellaneous

Restricted securities

- 27.1.** Where the Company is Listed and has on issue any restricted securities notwithstanding any other provision of this Constitution:
- (a) those restricted securities cannot be disposed of during the escrow period except as permitted by the Listing Rules or the ASX;
 - (b) the Company must operate a certificated sub-register in accordance with the Listing Rules;
 - (c) the Company must not acknowledge, deal with, accept or register any sale, assignment or transfer of those restricted securities which is or may be in breach of the Listing Rules or any escrow agreement entered into by the Company under the Listing Rules in relation to those restricted securities;
 - (d) on liquidation of the Company, the holders of those restricted securities (if Shares) which are subject to restrictions under an escrow agreement entered into by the Company under the Listing Rules at the commencement of the winding up, rank on a return of capital behind all other Shares; and

- (e) if there is a breach of an escrow agreement entered into by the Company under the Listing Rules or a breach of the Listing Rules in relation to those restricted securities, while that breach continues the Member holding those restricted securities automatically ceases to be entitled to receive any Dividends and to exercise any voting rights in respect of those restricted securities.

28. General Authorisation

General authorisation

- 28.1.** Where the Corporations Act authorises or permits a Company to do any thing if so authorised by its Constitution, the Company is authorised by this rule to do that thing.

Compliance with timetable

- 28.2.** The Company shall comply with any timetable or time period specified in the Listing Rules and the Corporations Act, and this rule shall prevail to the extent of any inconsistency between this rule and any other rule of the Company.

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Schedule

Preference Shares

1. In this Schedule, unless the context otherwise requires:

"Dividend Date" means, in relation to a Preference Share, a date specified in the Issue Resolution on which a Dividend in respect of that Preference Share is payable;

"Dividend Rate" means, in relation to a Preference Share, the terms specified in the Issue Resolution for the calculation of the amount of Dividend to be paid in respect of that Preference Share on any Dividend Date, which calculation may be wholly or partly established by reference to an algebraic formula;

"Franked Dividend" has the meaning ascribed to it in the Tax Act;

"Issue Resolution" means the resolution specified in paragraph (3);

"Preference Share" means a Share, if any, issued under rule 3;

"Redeemable Preference Share" means a Preference Share which is, at the option of the Company, liable to be redeemed;

"Redemption Amount" means, in relation to a Redeemable Preference Share, the amount specified in the Issue Resolution as the amount to be paid on redemption of the Redeemable Preference Share;

"Redemption Date" means, in relation to a Redeemable Preference Share, the date specified in the Issue Resolution for the redemption of that Preference Share; and

"Tax Act" means the *Income Tax Assessment Act 1936* (Cth);

2. Each Preference Share confers upon its holder the following, subject to the Corporations Act:

- (a) the right on a winding up to payment of the capital for the time being paid up on that Preference Share and any arrears of Dividends declared but unpaid in respect of that Preference Share in priority to any other class of Shares, as specified in the Issue Resolution;
- (b) the right to a cumulative preferential Dividend payable on each Dividend Date in relation to that Preference Share calculated in accordance with the Dividend Rate in relation to that Preference Share in priority to the payment of Dividend on any other class of Shares, as specified in the Issue Resolution; and
- (c) no right to participate beyond the extent required to give effect to paragraphs (a) and (b) above in surplus assets or profits of the Company, whether in winding up or otherwise.

3. The Directors may only proceed to allot a Preference Share where, by a resolution, it specifies the Dividend Date, Dividend Rate, the priority of that Share as to payment of capital and payment of Dividend and, if the Preference Share is a Redeemable Preference Share, the Redemption Amount and Redemption Date for that Redeemable Preference Share and any other terms and conditions to apply to that Preference Share.

4. The Issue Resolution in establishing the Dividend Rate for a Preference Share may specify that the Dividend is to be any or all of the following:

- (a) fixed;
- (b) variable depending upon any variation of the respective values of any factors in algebraic formula specified in the Issue Resolution;
- (c) variable depending upon such other facts as the Directors may specify in the Issue Resolution; and

- (d) a Franked Dividend or not a Franked Dividend.
5. Where the Issue Resolution specifies that the Dividend to be paid in respect of the Preference Share is to be a Franked Dividend, the Issue Resolution may also specify:
- (a) the extent to which such Dividend is to be franked; and
 - (b) the consequences of any Dividend paid not being so franked, which may include a provision for an increase in the amount of the Dividend to such an extent, or by reference to such factors, as may be specified in the Issue Resolution.
6. Subject to the Corporations Act, the Company must redeem a Redeemable Preference Share on the Redemption Date.
7. The certificate of title to a Preference Share (if any) must specify in relation to that Preference Share:
- (a) the date of issue of the Preference Share;
 - (b) the Dividend Rate and Dividend Date;
 - (c) if the Preference Share is a Redeemable Preference Share, the Redemption Amount and Redemption Date; and
 - (d) any other matter the Directors consider desirable.
8. Each Preference Share confers upon its holder the same rights as the holders of Ordinary Shares to receive notices, reports, audited accounts of the Company and to attend general meetings but does not confer upon its holder the right to vote at any general meeting of the Company other than in the following circumstances:
- (a) at the date of the notice convening the meeting, any Dividend (or part of a Dividend) payable in respect of the Preference Share is in arrears; or
 - (b) the business of the meeting includes the consideration of a resolution for reducing the capital of the Company, or for approving the terms of a buy-back agreement, or for sanctioning a disposal of the whole of the Company's property, business and undertaking, or for winding up the Company, or any resolution that directly or indirectly affects any of the rights attached to the Preference Share; or
 - (c) during the winding up of the Company.
9. Where there has been a change in the Tax Act which, in the opinion of the Directors, will cause any Dividend in respect of a Preference Share not to qualify for a rebate under Section 46 of the Tax Act, the Directors may by resolution alter such of the terms upon which that Preference Share was issued (including without limitation the terms specified in accordance with this Schedule) as will ensure that the Dividend will qualify for that rebate.
10. On redemption of a Redeemable Preference Share, the Company, after the holder has surrendered to the Company the certificate of title (if any) in respect of that Redeemable Preference Share, must pay to the holder the Redemption Amount in cash, by cheque or in any other form that the holder agrees to in writing and which is acceptable to the Company.

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DRONESHIELD

DroneShield Limited | ABN 26 608 915 859

Proxy Voting Form

If you are attending the virtual Meeting please retain this Proxy Voting Form for online Securityholder registration.

Holder Number:

Your proxy voting instruction must be received by 10.00am (Sydney time) on Sunday, 24th April 2022, being not later than 48 hours before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

SUBMIT YOUR PROXY

Complete the form overleaf in accordance with the instructions set out below.

YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: <https://investor.automic.com.au/#/home>. Shareholders sponsored by a broker should advise their broker of any changes.

STEP 1 – APPOINT A PROXY

If you wish to appoint someone other than the Chair of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise, if you leave this box blank, the Chair of the Meeting will be appointed as your proxy by default.

DEFAULT TO THE CHAIR OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chair of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chair of the Meeting will be voted according to the instructions set out in this Proxy Voting Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

STEP 2 - VOTES ON ITEMS OF BUSINESS

You may direct your proxy how to vote by marking one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services.

SIGNING INSTRUCTIONS

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

Joint holding: Where the holding is in more than one name, all Shareholders 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 Proxy Voting Form when you return it.

Companies: To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

Email Address: Please provide your email address in the space provided.

By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at <https://automic.com.au>.

Lodging your Proxy Voting Form:

Online:

Use your computer or smartphone to appoint a proxy at

<https://investor.automic.com.au/#/login>

or scan the QR code below using your smartphone

Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting Form.



BY MAIL:

Automic
GPO Box 5193
Sydney NSW 2001

IN PERSON:

Automic
Level 5, 126 Phillip Street
Sydney NSW 2000

BY EMAIL:

meetings@automicgroup.com.au

BY FACSIMILE:

+61 2 8583 3040

All enquiries to Automic:

PHONE:

1300 288 664 (Within Australia)
+61 2 9698 5414 (Overseas)

STEP 3: Sign Here + Contact Details

By providing your email address, you elect to receive all of your communications despatched by the Company electronically (where legally permissible).