

# NOTICE OF ANNUAL GENERAL MEETING

This document constitutes the Notice of Meeting for the 2022 Annual General Meeting of Magontec Limited (ACN 010 441 666).

The thirty-ninth Annual General Meeting (AGM) of Magontec Limited (ACN 010 441 666) (the “Company”, “Magontec”) will be held on Wednesday 25 May 2022 at 11.00 am (AEST). Shareholders can either participate in the AGM -

- a) physically in the meeting room of Boardroom Pty Limited at Level 12, Grosvenor Place, 225 George St Sydney NSW or
- b) online by observing the following –
  - i. **Pre-Registering your Attendance:** **This must be completed prior to 9:30am (AEST) Friday 20 May 2022.** Failure to do so may mean you will be unable to access the virtual meeting. Register in advance to attend the virtual meeting by emailing the Company Secretary at [john.talbot@magontec.com](mailto:john.talbot@magontec.com) indicating your interest in virtual attendance.
  - ii. **Meeting Attendance:** Following registration, and confirmation of your shareholding details, the Company Secretary will reply to you by email with instructions for connecting to the virtual meeting.

## Questions

Whilst it will be possible for those attending online to pose questions/comments during the meeting, where possible it would be appreciated if attendees could **send any questions in advance** of the meeting by email to the Company Secretary John Talbot ([john.talbot@magontec.com](mailto:john.talbot@magontec.com)).

The 2021 Annual Report is available for viewing on the Company’s web site at [Magontec.com](http://magontec.com) and then follow the tabs “Investor Centre”, “Reports & Presentations” then under the heading “2021 Downloads”, click on “2021 Annual Report”. Alternatively, copy this address into your web browser: <http://magontec.com/wp-content/uploads/2022/02/Magontec-Limited-2021-Annual-Report-Final.pdf>

**The business to be dealt with at the Meeting is:**

## ORDINARY BUSINESS

### ITEM 1: Financial Report, Directors’ Report and Auditor’s Report (Refer to “Explanatory Notes” at the foot of this Notice)

**Resolution 1** “To receive and consider the Financial Report, including the Directors’ Declaration for the twelve-month reporting period ended 31 December 2021 and the related Directors’ Report and Auditor’s Report thereon.”

### ITEM 2: Adoption of the Remuneration Report (advisory only resolution) (Refer to “Explanatory Notes” at the foot of this Notice)

To consider, and if thought fit, pass the following resolution as an advisory only resolution (i.e. non-binding upon Directors):

**Resolution 2** “To adopt the Remuneration Report as set out in the Annual Report for the twelve-month reporting period ended 31 December 2021.”

#### Voting Exclusion Statement:

The Company will disregard any votes cast in favour of the resolution by or on behalf of:

- the KMP named in the Remuneration Report for the year ended 31 December 2021 and Dewberri Pty Limited as trustee for Andrews Superannuation Fund and Mrs Bella Rebecca Kaye (an associate of Magontec Director Mr Robert Kaye); or
- an associate of those persons.

However, the Company need not disregard a vote cast in favour of a resolution by:

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

# NOTICE OF ANNUAL GENERAL MEETING

## ITEM 3: Re-election of Director - Mr Atul Malhotra (ordinary resolution) (Refer to “Explanatory Notes” at the foot of this Notice)

**Resolution 3** “That for the purposes of clause 12.3(a) of the Constitution, ASX Listing Rule 14.4 and for all other purposes, Mr Atul Malhotra, who is retiring and standing for re-election, be re-elected as an Independent Director of the Company, effective from the close of the Annual General Meeting.”

Voting Exclusion Statement: The Company will disregard any votes cast in favour of this resolution by Mr Atul Malhotra. However, the Company need not disregard a vote if –

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

## ITEM 4: Re-election of Director - Mr Andre Labuschagne (ordinary resolution) (Refer to “Explanatory Notes” at the foot of this Notice)

**Resolution 4** “That for the purposes of clause 12.3(a) of the Constitution, ASX Listing Rule 14.4 and for all other purposes, Mr Andre Labuschagne, who is retiring and standing for re-election, be re-elected as a Non-Executive Director of the Company, effective from the close of the Annual General Meeting.”

Voting Exclusion Statement: The Company will disregard any votes cast in favour of this resolution by Mr Andre Labuschagne. However, the Company need not disregard a vote if –

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

## ITEM 5: Changes to the maximum number of Performance Rights to be issued under the 2020 Shareholder Approved Incentive Plan for the Magontec Global Management Group (ordinary resolution) (Refer to “Explanatory Notes” at the foot of this Notice)

**Resolution 5** “Increase the maximum number of Performance Rights able to be issued to Eligible Executives in terms of the 2020 Shareholder Approved Plan by 722,056 to 8,645,231 in relation to the three 3-year LTI Performance Periods ending 31 Dec 2023, 31 Dec 2024 and 31 Dec 2025 on the basis detailed in the relevant explanatory note.”

Voting Exclusion Statement:

The Company will disregard any votes cast in favour of the resolution by or on behalf of:

- Mr Nicholas Andrews and Dewberri Pty Limited as trustee for Andrews Superannuation Fund, Mr John Talbot, Mr Derryn Chin, Mr Patrick Look, Mr Christoph Klein-Schmeink, and Mr Xunyou Tong; or
- an associate of those persons.

However, the Company need not disregard a vote cast in favour of a resolution by:

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

## ITEM 6: Confirmation of prior Performance Rights and issue of new Performance Rights issued to the Executive Chairman Mr Nicholas Andrews (ordinary resolution) (Refer to “Explanatory Notes” at the foot of this Notice)

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

**Resolution 6** “Confirm the issue of an additional 149,074 Performance Rights to Mr Andrews in relation to the LTI Performance Period 1 Jan 2022 to 31 Dec 2024 and approve the issue, on or around 1 Jan 2023, of 666,164 Performance Rights in relation to the LTI Performance Period 1 Jan 2023 to 31 Dec 2025 on the basis detailed in the relevant explanatory note.”

# NOTICE OF ANNUAL GENERAL MEETING

## Voting Exclusion Statement:

The Company will disregard any votes cast in favour of the resolution by -

- Mr Nicholas Andrews and Dewberri Pty Limited as trustee for Andrews Superannuation Fund; or
- an associate of those persons.

However, the Company need not disregard a vote cast in favour of a resolution by:

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

## QUESTIONS/COMMENTS FROM SHAREHOLDERS

In accordance with the Corporations Act 2001 (Cth) (**Corporations Act**), a reasonable opportunity will be provided to shareholders to ask questions about, or make comments upon, matters in relation to the Company. The following process will be adopted –

- Shareholders physically attending the meeting – pose questions/comments verbally in the customary format.
- Shareholders attending the meeting online:
  - for reasons of efficiency and certainty we suggest you submit questions/comments in advance by email to the Company Secretary John Talbot ([john.talbot@magontec.com](mailto:john.talbot@magontec.com));
  - additionally, questions/comments can also be submitted in writing in real time to a moderator via the online attendance programme. The moderator will relay those questions/comments to the meeting Chairman at the relevant time on behalf of the shareholder.
- Shareholders not attending the meeting - submit any questions/comments in writing to the Company by email to: [John.Talbot@magontec.com](mailto:John.Talbot@magontec.com) by 5:00pm (Sydney time) **Friday 20 May 2022**.

During the course of the meeting, the Chairman will seek to address as many shareholder questions as reasonably practicable, and where appropriate, will give a representative of the auditor the opportunity to answer both spontaneous and written questions (per Section 250PA of the Corporations Act) addressed to it in relation to the Auditor's Report. However, please note that there may not be sufficient time to answer all questions at the AGM. Please note that individual responses will not be sent to shareholders in respect of questions asked.

## DETERMINATION OF VOTING ENTITLEMENT

For the purposes of this meeting, all persons who are registered holders of shares in the Company at 7:00pm AEST on **Monday 23 May 2022** will be entitled to vote.

## VOTING AT THE MEETING

It is intended that voting on each of the proposed resolutions at this meeting will be conducted by the Chairman demanding a poll (in terms of Section 250L(1)(c) of the Corporations Act and article 11.14 of the Company's current constitution) rather than on a show of hands.

**TO ENSURE DEMOCRATIC RIGHTS ARE MAINTAINED AND MEETING EFFICIENCY OPTIMISED, SHAREHOLDERS ARE ENCOURAGED TO PRESUBMIT THEIR PROXY VOTING FORM.**

## APPOINTING A PROXY

A member entitled to vote may appoint a proxy to attend and vote on behalf of the member. If the member is entitled to cast more than two votes, the member may appoint two proxies to attend and vote instead of the member. Where more than one proxy is appointed, each proxy may be appointed to represent a specified portion of the member's voting rights. If no such specification is given and two proxies are appointed, each may exercise half the votes to which the member is entitled. A proxy need not be a member. Proxies must be executed in accordance with the instructions in the notes accompanying the proxy form.

To be valid, the signed proxy form (together with an original or certified copy of the power of attorney if applicable) must be:

- Lodged with Boardroom Pty Limited at Level 12, Grosvenor Place, 225 George St Sydney NSW 2000;
- Delivered by post to Boardroom Pty Limited GPO Box 3993, Sydney NSW 2001; or
- Sent by facsimile to Boardroom Pty Limited on +61 2 9290 9655.

MAGONTEC LIMITED | 3

# NOTICE OF ANNUAL GENERAL MEETING

Limited

so as to be received by Boardroom Pty Limited by 11:00 am Sydney time on **Monday 23 May 2022** being not less than 48 hours before the time for holding the meeting.

Enclosed is a proxy form to be completed if you would like to be represented at the AGM by proxy.

The Chair intends to vote all available undirected proxies in favour of each item of business.

If you appoint the Chair as your proxy or the Chair is appointed by default and your voting direction is not indicated, the Chair may exercise your proxy even if he has an interest in the outcome of those items.

## EXPLANATORY NOTES

### ITEM 1: Financial Report and Directors' Report and Auditor's Report for the twelve-month reporting period ended 31 December 2021.

The Corporations Act requires that the Financial Report, including the Directors' Declaration for the twelve-month reporting period ended **31 December 2021** and the related Directors' Report and Auditors' Report, be laid before the Annual General Meeting. In addition, the Company's Constitution provides for such reports and statements to be received and considered at the meeting. None of the Corporations Act, the ASX Listing Rules or the Company's Constitution requires a vote of shareholders at the Annual General Meeting on such reports or statements. However, shareholders will be given ample opportunity to raise questions with respect to these reports and statements at the meeting.

### ITEM 2: Adoption of Remuneration Report for the twelve-month reporting period ended 31 December 2021 (advisory only resolution)

Shareholders (other than excluded shareholders) are entitled to vote on the question whether the Remuneration Report as contained in the Annual Report for the twelve-month reporting period ended 31 December 2021 is to be adopted. Shareholders should note, however, that this is an "advisory only" resolution, which does not bind the Directors of the Company.

**Mr Nicholas Andrews and Dewberri Pty Limited as trustee for Andrews Superannuation Fund, Mr Derryn Chin, Mr Christoph Klein-Schmeink, Mr Xunyou Tong and Mrs Bella Rebecca Kaye (an associate of Magontec Director Mr Robert Kaye) and any of their associates are not entitled to cast a vote on this resolution.**

**The Board (other than Mr Andrews) recommends that shareholders vote in favour of Resolution 2.**

### ITEM 3: Re-election of Director – Mr Atul Malhotra (ordinary resolution)

ASX Listing Rule 14.4 and clause 12.3(a) of the Company's Constitution, provides that a director of an entity must not hold office (without re-election) past the third annual general meeting following the director's appointment or 3 years, whichever is longer. Mr Malhotra was elected to the Board of the Company by shareholders as an Independent Director at the AGM on 10 May 2019. Under clause 12.6 (a) of the Constitution, the resolution to re-appoint **Mr Malhotra** is not required to be preceded by a shareholder nomination.

In circumstances where the shareholders vote in favour of Resolution 3 and Resolution 3 is passed, **Mr Atul Malhotra** will be re-appointed as a director with effect from the end of the meeting and (assuming shareholders vote in favour of Resolution 4, the re-election of **Mr Andre Labuschagne**) the Directorship profile of the Magontec Board will remain unchanged

In circumstances where the shareholders do not vote in favour of Resolution 3, Mr Atul Malhotra will not be re-appointed as a director and the Company will have only one remaining independent director (Mr Robert Kaye). On its current Directorship profile, the Company maintains partial compliance with those ASX Corporate Governance recommendations dealing with a requirement for an independent Directors as per the table below.

Relevant ASX Corporate Governance Recommendations		Comply?
2.1	Have a Nomination Committee comprising a majority of independent directors, the roles and responsibilities of which should be disclosed	Yes
2.4	The majority of Board Members should be independent	No
2.5	The chair should be independent, and specifically should not be CEO	No
4.1	Have an Audit Committee comprising a majority of independent directors, the roles and responsibilities of which should be disclosed	No
7.1	Have a risk committee (majority independent directors), or disclose how risks are managed	No
8.1	Have a Remuneration Committee comprising a majority of independent directors, the roles and responsibilities of which should be disclosed	Yes

In such circumstances where Mr Malhotra is not re-appointed, the Company may need to consider whether it should appoint another independent director to the board of the Company to at least restore its current level of compliance with ASX Corporate Governance recommendations.

# NOTICE OF ANNUAL GENERAL MEETING

## Mr Malhotra's Profile

In the period from September 2003 to October 2013, **Mr Malhotra** was the Head of Purchasing and a member of the Group Management team at Georg Fischer Automotive Group, Schaffhausen, Switzerland, a leading global supplier of cast metal (including magnesium) parts with an annual turnover of about €1,200m and 11 production units located in Europe and China.

As Head of Purchasing, his main responsibilities included establishing procurement strategy and managing the procurement function. As part of the Group's senior management team, he also held co-responsibility for providing strategic direction to, and overseeing performance of the business units with reporting responsibilities to the Corporate division.

**Mr Malhotra** has also held executive roles at ABB, Bombardier Transportation, Adtranz and Continental AG in his 40-year career with responsibility for projects and operations in Europe, Asia and Australia. He holds a Master of Business Administration qualification from Delhi University. In the period from January 2014 to May 2019, Mr Malhotra acted as an independent adviser to various corporate clients and businesses.

**Mr Malhotra** is the Chairman of Magontec's Finance Audit and Compliance Committee, a member of the Remuneration and Appointments Committee and a member of the Business Risk Committee (BRC).

**The Board (other than Mr Malhotra) recommends that shareholders vote in favour of Resolution 3.**

---

## ITEM 4: Re-election of Director – Mr Andre Labuschagne (ordinary resolution)

ASX Listing Rule 14.4 and clause 12.3(a) of the Company's Constitution, provides that a director of an entity must not hold office (without re-election) past the third annual general meeting following the director's appointment or 3 years, whichever is longer.

As this meeting will be the third annual general meeting since **Mr Labuschagne's** re-appointment as a director by shareholders (on 10 May 2019 at the 2019 AGM) **Mr Labuschagne** will retire and stand for re-election at the meeting. Under clause 12.6 (a) of the Constitution, the resolution to appoint **Mr Labuschagne** is not required to be preceded by a shareholder nomination.

In circumstances where the shareholders vote in favour of Resolution 4 and Resolution 4 is passed, **Mr Labuschagne** will be re-appointed as a Non-Executive Director with effect from the end of the meeting and (assuming shareholders vote in favour of Resolution 3, the re-election of **Mr Atul Malhotra**) the Directorship profile of the Magontec Board will remain unchanged.

In circumstances where the shareholders do not vote in favour of Resolution 4, **Mr Labuschagne** will not be re-appointed as a Non-Executive Director giving rise to a possible change in the Magontec Directorship profile.

## Mr Labuschagne's Profile

**Mr Labuschagne** is the Executive Chairman of Aeris Resources Limited (formerly Straits Resources Limited) which was a substantial shareholder of Magontec Limited to the extent of 12.94%. As advised to shareholders in an ASX announcement dated 21 February 2022, Aeris sold its shareholding in Magontec but **Mr Labuschagne** has agreed to continue as a Non-Executive Director of Magontec Limited

**Mr Labuschagne** is an experienced mining executive with a career spanning more than 30 years, primarily in the gold industry, and has held various executive roles in South Africa, PNG, Fiji and Australia for a number of leading gold companies, including Emperor Gold Mines, DRD Gold and AngloGold Ashanti. **Mr Labuschagne** was previously Managing Director of ASX listed gold company, Norton Gold Fields Limited.

**Mr Labuschagne** is a member of Magontec's Finance Audit and Compliance Committee and a member of the Business Risk Committee.

**The Board (other than Mr Labuschagne) recommends that shareholders vote in favour of Resolution 4.**

---

## ITEM 5: Changes to the maximum number of Performance Rights to be issued under the 2020 Shareholder Approved Incentive Plan for the Magontec Global Management Group (ordinary resolution)

### 1. Background

The 2020 Shareholder Approved Incentive Plan for the Magontec Global Management Group (the "**2020 Shareholder Approved Plan**") was approved by shareholders in terms of Resolution 5 of the 2020 AGM held on 29 July 2020. The current set of rules governing the **2020 Shareholder Approved Plan** (the "Rules") can be located at the Magontec website ([www.magontec.com](http://www.magontec.com)) and then follow the tabs Investor Centre/Corporate Governance/STI LTI Governing Documents/ and then click on the PDF document at "STI LTI Governing Document – 2020 Shareholder Approved Plan Updated 28 March 2022". In summary, the Rules provide for two forms of incentive.

- a. A Short-Term incentive (STI) which provides for an aggregate payment to be distributed among Eligible Executives equal to a percentage (determined by a prescribed formula) of the extent to which the achieved positive net operating profit after tax (NOPAT) for a financial year exceeds the budgeted NOPAT for that year. The prescribed formula focuses on a cash definition of profit.

# NOTICE OF ANNUAL GENERAL MEETING

- b. A Long-Term Incentive (LTI) which provides for the prospect of an issue of ordinary shares to each Eligible Executive depending upon –
- their individual performance over the 3-year LTI performance period in delivering their personal KPI's; and
  - performance of the Company's share price over the 3-year LTI performance period, as judged against share price targets set by the Board at the commencement of the 3-year LTI period.

Component i in the LTI, has a weighting of 30% and must be taken in the form of shares. Component ii has a weighting of 70% and may be taken in cash subject to the approval of the Board and at a 40% discount to the face value of the shares that would otherwise have been issued.

The **2020 Shareholder Approved Plan** incorporated forward approval of Performance Rights in relation to the three 3-year LTI Performance Periods commencing 1 Jan 21, 1 Jan 22 and 1 Jan 23. In anticipating the number of Performance Rights to be issued for those LTI periods, assumptions needed to be made about –

- the total remuneration of each Eligible Executive at commencement of each period,
- the exchange rate to apply to foreign remuneration; and
- the Magontec share price at commencement of each of the period.

The actual value of these variables at the issue date of the Performance Rights may vary to those assumed. This resolution takes into account such variations to date as described below and shareholders are being asked to pass this resolution to acknowledge the actual value of the variables.

## Relevant ASX Listing Rules

- ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, without the approval of the holders of its ordinary securities, issue or agree to issue more equity securities during any 12-month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12-month period.
- ASX Listing Rule 7.2 (Exception 13) sets out an exception to ASX Listing Rule 7.1 which provides that issues of securities under an employee incentive scheme do not require shareholder approval under ASX Listing Rule 7.1 for a period of 3 years from the date on which shareholders approve the issue of securities under the scheme. However, the approval under Exception 13 ceases to be available if there is a material change to the terms of the scheme.
- ASX Listing Rule 7.2 (Exception 9) sets out an exception to ASX Listing Rule 7.1 which provides that issues of securities as a result of the conversion of convertible securities which were issued in accordance with the ASX Listing Rules do not require approval under ASX Listing Rule 7.1.

## 2. Shareholder Approval at the 2020 AGM for Issue of Performance Rights

- In terms of Table 5 at Resolution 5 of the 2020 AGM, shareholders approved the issue of performance Rights aggregating 118,847,620 (column 2 Table 1 below) in respect of the three 3-year LTI periods ended 31 Dec 2023, 31 Dec 2024 and 31 Dec 2025.
- After taking account of the 1 for 15 share consolidation effective at Tuesday 17 August 2021 (first day of post consolidation trading) the aggregate approved number of Performance Rights was adjusted to 7,923,175 (column 4 Table 1 below).

### c. Table 1 – Revision of Issue of Performance Rights Under the 2020 Shareholder Approved Plan

LTI Period Ending	2020 AGM Approval		2020 AGM Approval (adjusted for Aug 2021 Share Consolidation)		Actual (a) & Estimated Issues (e)	
	Col 1 Exec Chair	Col 2 Total	Col 3 Exec Chair	Col 4 Total	Col 5 Exec Chair	Col 6 Total
31 Dec 2023	10,000,000	42,526,944	666,667	2,835,129	666,667 (a)	2,809,539 (a)
31 Dec 2024	9,375,000	39,869,010	625,000	2,657,934	774,074 (a)	3,125,212 (a)
31 Dec 2025	8571,429	36,451,666	571,429	2,430,112	666,164 (e)	2,710,480 (e)
	<b>27,946,429</b>	<b>118,847,620</b>	<b>1,863,096</b>	<b>7,923,175</b>	<b>2,106,905</b>	<b>8,645,231</b>

Note: 1,275,809 Performance Rights in relation to the 2020-2022 LTI period are also on issue at the date of the Notice of AGM.

- The estimation of performance rights to be issued in the LTI period ending 31 Dec 2025 may vary with movement in -
  - the expected CPI adjustment to remuneration on 1 July 2022 (assumed to be 3.5% for Australian remuneration, 4.0% for European remuneration and 3.0% for Chinese remuneration);
  - the exchange rate to apply to foreign remuneration as at 1 Jan 23 (assumed to be AUD1=EUR0.61 and AUD1=RMB4.6); and
  - the Magontec starting share price on 1 January 2023 (assumed to be \$0.55).
- Movement in the assumptions in 2 d above result in the following movement in Performance Rights issued in relation to the LTI period ended 31 Dec 2025 –
  - increase in remuneration – increase in Performance Rights (and vice versa);
  - increase in exchange rate – decrease in Performance Rights (and vice versa); and
  - increase in starting 1 Jan 2023 share price – decrease in Performance Rights issued.



# NOTICE OF ANNUAL GENERAL MEETING

## 3. Basis of Potential Conversion of Performance Rights to Ordinary Shares

- a. The basis on which Performance Rights may convert into the ordinary shares of Magontec Limited is described in the Rules at Paragraphs 3.ii o. i & ii.

### b. Table 2 - 2021-2023 LTI Period Share Price Performance Targets<sup>1</sup>

Share Price Performance Level		% of Performance Rights Vesting
Threshold range	>=\$0.45 to <\$0.518	25% to 50% convert to ordinary shares
Target range	>=\$0.518 to <\$0.596	50% to 100% convert to ordinary shares
Stretch	>= \$0.596	100% convert to ordinary shares

*Note 1: Installed by Board 26 March 2020*

### c. Table 3 - 2022-2024 LTI Period Share Price Performance Targets<sup>2</sup>

Share Price Performance Level		% of Performance Rights Vesting
Threshold range	>= 0.60 to <\$0.70	25% to 50% convert to ordinary shares
Target range	>= 0.70 to <\$0.80	50% to 100% convert to ordinary shares
Stretch	>= 0.80	100% convert to ordinary shares

*Note 2: Installed by Board 24 March 2022*

- d. Share price targets in relation to the 2023-2025 LTI period will be considered by the Board closer to 1 January 2023.

## 4. Consequences of Shareholders' Decision

- a. In circumstances where the shareholders vote in favour of Resolution 5 and Resolution 5 is passed;
- the maximum number of Performance Rights able to be issued to Eligible Executives in terms of the **2020 Shareholder Approved Plan** will increase by 722,056 to 8,645,231 in relation to the three 3-year LTI Performance Periods ending 31 Dec 2023, 31 Dec 2024 and 31 Dec 2025 compared to the number contemplated in the approval of Resolution 5 of the 2020 AGM on 29 July 2020; and
  - such increase comprising an increase of 441,688 in Performance Rights actually on issue in relation to the two 3-year LTI periods ending 31 Dec 2023 and 31 Dec 2024, and an increase of 280,368 in Performance Rights potentially able to be issued in relation to the LTI period ended 31 Dec 2025.
- b. In circumstances where the shareholders do not vote in favour of Resolution 5, the Company may need shareholder approval for the issue of the additional 722,056 Performance Rights.

**The Board (other than Mr Andrews) recommends that shareholders vote in favour of Resolution 5.**

## ITEM 6: Confirmation of the Performance Rights issued to the Executive Chairman Mr Nicholas Andrews in relation to the 3-year long-term Performance Period commencing 1 January 2022 and Issue of Performance Rights to him in relation to the three-year long-term Performance Period commencing 1 January 2023 (ordinary resolution)

### 1. Basis of Shareholders' Approval

#### a. Part A of Resolution 6

Resolution 5 of the 2021 AGM approved the issue of 625,000 Performance Rights (which are classified as equity securities) to the Executive Chairman, Mr Andrews in relation to the LTI Period 1 Jan 2022 to 31 Dec 2024 (refer column 3 of Table 1 in the Explanatory Note to Resolution 5 in this Notice of AGM.) The calculation of that entitlement had been based on Mr Andrews' assumed total remuneration on 1 January 2022 of \$450,000 and a Magontec opening share price on the same date of \$0.48. In actuality, the value of Mr Andrews' total remuneration was \$522,500 (following a market review of his remuneration) and an opening share price of \$0.45. The calculation of an entitlement of 774,074 Performance Rights reflects the actual value of Mr Andrews' total remuneration and the opening share price. Shareholders are asked to confirm the issue of an additional 149,074 Performance Rights to Mr Andrews.

#### b. Part B of Resolution 6

The Company is proposing to issue, on or around 1 Jan 2023, 666,164 Performance Rights in relation to the LTI Performance Period ending 31 Dec 2025 to Mr Andrews (consistent with Column 5 of Table 1 of the Explanatory Note to Resolution 5 in this Notice of AGM). The critical assumptions employed in this calculation are –

- Mr Andrews' total remuneration at 1 January 2023 will be \$549,585 (after assuming a CPI adjustment); and
- a starting Magontec share price on the same date of \$0.55.

The confirmation at Part A of Resolution 6 and the proposed issue at Part B of Resolution 6 are jointly referred to as the “**Issue**”.

Listing Rule 10.14 provides that a listed company must not permit any of the following persons to acquire equity securities under an employee incentive scheme:

- a director of the company;
- an associate of a director of the company; or

# NOTICE OF ANNUAL GENERAL MEETING

Limited

10.14.3 a person whose relationship with the company or a person referred to in Listing Rule 10.14.1 or 10.14.2 is such that, in ASX's opinion, the acquisition should be approved by its shareholders, unless it obtains the approval of its shareholders.

The Issue is a proposed issue of securities under the “2020 Shareholder Approved Plan” approved by shareholders at Resolution 5a of the 2020 AGM. The Issue falls within Listing Rule 10.14.1 above and therefore requires the approval of the Company's shareholders under Listing Rule 10.14. Resolution 5 seeks the required shareholder approval for the Issue under and for the purposes of Listing Rule 10.14.

If Resolution 6 is passed, the Company will be able to proceed with the Issue and the consequences set out in the Table 4 in column 3 of this Explanatory Note may apply.

If Resolution 6 is not passed, the Company will not be able to proceed with the Issue and the consequences set out in the Table 4 in column 2 of this Explanatory Note may apply.

Details of any securities issued under the “2020 Shareholder Approved Plan” will be published in the annual report of the entity relating to a period in which they were issued, along with a statement that approval for the issue was obtained under Listing Rule 10.14.

## 2. Consequence of Shareholder Decision

**Table 4 - Consequences of Negative and Positive Shareholder Decisions on Resolution 6**

LTI Period	After Negative Decision			After Positive Decision		
	Exec Chair	Others	Total	Exec Chair	Others	Total
1 Jan 2020 to 31 Dec 2022 (Issued under the 2017 Shareholder Approved Plan per 2020 AGM)	300,000	975,809	1,275,809	300,000	975,809	1,275,809
1 Jan 2021 to 31 Dec 2023 <sup>1</sup>	666,667	2,142,872	2,809,539	666,667	2,142,872	2,809,539
1 Jan 2022 to 31 Dec 2024 <sup>1</sup>	625,000	2,351,138	2,976,138	625,000	2,351,138	2,976,138
1 Jan 2022 to 31 Dec 2024 (Part A Res 5)				149,074	-	149,074
<b>On issue at date of 2022 Notice of AGM</b>	<b>1,591,667</b>	<b>5,469,819</b>	<b>7,061,486</b>	<b>1,740,741</b>	<b>5,469,819</b>	<b>7,210,560</b>
1 Jan 2023 to 31 Dec 2025 (Part B Res 5)		2,044,317	2,044,317	666,164	2,044,317	2,710,481
<b>Planned on issue at January 2023</b>	<b>1,591,667</b>	<b>7,514,136</b>	<b>9,105,803</b>	<b>2,406,905</b>	<b>7,514,136</b>	<b>9,921,041</b>

*Note 1: Per Table 5 in Explanatory Note to Resolution 5 in 2020 Notice of AGM*

## 3. Data Requirement under ASX Listing Rule 10.15

10.15.1	Name of the person.	Mr Nicholas Andrews
10.15.2	Which category in rules 10.14.1 – 10.14.3 the person falls within and why.	(10.14.1) Mr Andrews is a director
10.15.3	Number and class of securities proposed to be issued to the person under the scheme for which approval is being sought.	149,074 Performance Rights in respect of the 2022-2024 LTI Performance Period 666,164 Performance Rights in respect of the 2023-2025 LTI Performance.
10.15.4	If the person is: • a director under rule 10.14.1; or • an associate of, or person connected with, a director under rules 10.14.2 or 10.14.3, details (including the amount) of the director's current total remuneration package.	Gross pre-tax cash component = \$495,000 per annum Plus Statutory Superannuation = \$27,500 per annum Total Remuneration = \$522,500 per annum as at the date of this 2022 Notice of AGM.
10.15.5	The number of securities that have previously been issued to the person under the scheme and the average acquisition price (if any) paid by the person for those securities.	1,740,741 Performance Rights including 149,074 Performance Rights in relation to the 2022-2024 LTI period for which shareholder confirmation is sought under this resolution issued at Nil consideration
10.15.6	If the securities are not fully paid ordinary securities: • a summary of the material terms of the securities;	Refer to the 2020 Shareholder Approved Plan LTI STI rules on the Company's website at Magontec.com and then follow the tabs “Investor Centre”, “Corporate Governance”, “STI LTI Governing Documents”, and then in the body of the screen click on “STI LTI Governing Document – 2020 Shareholder Approved Plan Updated 20 August 2021”. Alternatively, copy this address into your web browser



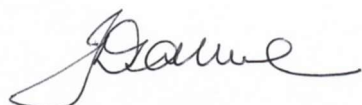
# NOTICE OF ANNUAL GENERAL MEETING

Limited

	<ul style="list-style-type: none"> <li>• why that type of security is being used; and</li> <li>• the value the entity attributes to that security and its basis.</li> </ul>	<p><a href="http://magontec.com/wp-content/uploads/2022/03/Govern-Doc-LTI-STI-Incentives-2020-Shareholder-Approved-Plan-Per-2021-EGM-28-March-2022.pdf">http://magontec.com/wp-content/uploads/2022/03/Govern-Doc-LTI-STI-Incentives-2020-Shareholder-Approved-Plan-Per-2021-EGM-28-March-2022.pdf</a></p> <ul style="list-style-type: none"> <li>• Performance Rights are viewed as an appropriate instrument to recognise, in a contractual way, the employee's prospective entitlement to an incentive payment. They place on record that right as far as the employee is concerned and the potential cost as far as shareholders are concerned.</li> <li>• 149,074 performance rights issued in relation to the 2022-2024 Performance Period: Estimated fair value = \$37,598</li> <li>• 666,164 performance rights issued in relation to the 2023-2024 Performance Period: Estimated fair value = \$168,015*</li> </ul> <p>*NB. This estimated maximum value has been calculated according to the principles detailed in the explanation marked ** and titled "LTI Rights - Long Term Incentive rights explanatory note" at the foot of page 34 in the Company's 2021 Annual Report. A more precise value is subject to calculation upon preparation of the 2023 Annual Report and audit thereof.</p>
10.15.7	Date by which securities are to be issued	<ul style="list-style-type: none"> <li>• 149,074 Performance Rights – already issued</li> <li>• 666,164 Performance Rights - within 30 days after 1 January 2023 or, in any event, within 12 months of the date of the 2022 Annual General Meeting.</li> </ul>
10.15.8	The price at which the entity will issue the securities to the person under the scheme.	Nil
10.15.9	A summary of the material terms of the scheme.	Refer to the 2020 Shareholder Approved Plan LTI STI rules in the website details shown at 10.15.6 above in this Table.
10.15.10	A summary of the material terms of any loan that will be made to the person in relation to the acquisition.	No loan
10.15.11	Required statements	<ul style="list-style-type: none"> <li>• Details of any securities issued under the scheme will be published in the annual report of the entity relating to the period in which they were issued, along with a statement that approval for the issue was obtained under listing rule 10.14.</li> <li>• Any additional persons covered by listing rule 10.14 who become entitled to participate in an issue of securities under the scheme after the resolution is approved and who were not named in the notice of meeting will not participate until approval is obtained under that rule.</li> </ul>
10.15.12	Voting exclusion statement.	See Resolution 5 in "Ordinary Business"

**The Board (other than Mr Andrews) recommends that shareholders vote in favour of Resolution 6.**

By order of the board.



**J Talbot**

Company Secretary  
24 March 2022

**Helpline:** If you have any questions regarding the meeting or proxy voting, please do not hesitate to contact the Company's share registrar **Boardroom Pty Limited** on 1300 737 760 for Australian shareholders or +61 2 9290 9600 for overseas shareholders.