

9 May 2022

## ASX/PNGX | Announcement

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Papua New Guinea

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### BY ELECTRONIC LODGEMENT

#### Updated Notice of Annual General Meeting

Please see attached for release to the market, an updated Notice of Meeting for the 2022 Annual General Meeting of Kina Securities Limited (ASX:KSL | PNGX:KSL), which will be held on Tuesday, 24 May 2022 commencing at 10:00am (Port Moresby time | AEST) (AGM).

This Notice of Meeting now includes Annexure A, being the marked-up amendments to the Constitution to be considered under Resolution 9, which was inadvertently omitted from the version of the Notice of Meeting lodged on 26 April 2022.

The updated Notice of Meeting can be downloaded from Kina's website at:  
<https://investors.kinabank.com.pg/Investors/?page=agm>.

ENDS

*For further information:*

**Samantha Miller**  
Executive General Manager Investor relations, Corporate Affairs and ESG  
Email: [Samantha.miller@kinabank.com.pg](mailto:Samantha.miller@kinabank.com.pg)  
Phone: +61 0402 426 767

This Announcement was authorised for release by Kina Securities Limited's Board of Directors.

**KINA SECURITIES LIMITED**  
**NOTICE OF ANNUAL GENERAL MEETING**  
**EXPLANATORY MEMORANDUM**  
**AND**  
**VOTING FORM**

**TO ASSIST SHAREHOLDERS IN THEIR CONSIDERATION OF RESOLUTIONS TO BE PUT AT THE**  
**ANNUAL GENERAL MEETING OF MEMBERS**  
**TO BE HELD VIRTUALLY ONLINE ON TUESDAY, 24 MAY 2022**  
**AT 10:00AM (PORT MORESBY TIME | AEST)**

*THIS DOCUMENT IS IMPORTANT*

This Notice of Meeting and Explanatory Memorandum should be read in their entirety. If you do not understand these documents or are in any doubt as to how to deal with them, you should consult your stockbroker, solicitor, accountant, or other professional adviser immediately.

**Shareholder Enquiries:**

**+61 1300 554 474**

22 April 2022

Dear Shareholder,

### **Kina Securities Limited - Annual General Meeting**

On behalf of the Directors of Kina Securities Limited (Company Number: 1-10989 | ARBN 606 168 594) (**Kina** or the **Company**), I am pleased to invite you to participate in Kina's 2022 Annual General Meeting (**AGM** or **Meeting**), to be held on **Tuesday, 24 May 2022** commencing at 10:00am (Port Moresby time | AEST). Enclosed is the **Notice of Meeting** setting out the business of the AGM.

Shareholders will be able to participate in the AGM by:

- joining the AGM in real time via our online platform at <https://meetings.linkgroup.com/KSL22>;
- asking questions of the Board:
  - before the AGM, using the **AGM Question Form** enclosed with the Notice of Meeting or by lodging questions online at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au); and/or
  - during the AGM via the online platform; and
- voting on the resolutions to be considered at the AGM either by lodging the enclosed **Proxy Form** before the AGM or by direct voting during the online meeting,

or by a combination of these steps.

Further details of how to participate in the online Meeting are set out in the Notice of Meeting and **Virtual Meeting Online Guide (Online Guide)**. The Online Guide includes details of how to ensure your browser is compatible with the online platform, and a step-by-step guide to logging in, navigating the site, and asking questions and voting at the online AGM.

I encourage you to read the Notice of Meeting (including the Explanatory Memorandum), Online Guide and the Proxy Form, and consider directing your proxy how to vote on each resolution by marking either the **For** box, the **Against** box or the **Abstain** box on the Proxy Form.

If you are unable to participate in the AGM online, I encourage you to either:

- direct voting prior to the AGM online by logging on to the Link Market Services website at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au) and following the instructions on the Proxy Form; or
- complete and return the enclosed Proxy Form no later than 10:00am (Port Moresby time | AEST) on Sunday, 22 May 2022 in one of the ways specified in the Notice of Meeting and the Proxy Form.

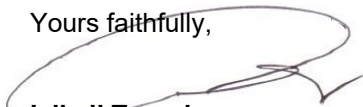
Subject to the abstentions noted in the Explanatory Memorandum, the Directors unanimously recommend that Shareholders vote in favour of all resolutions.

Shareholders participating in the AGM via the online platform, will have the opportunity to submit questions to the Board, Senior Management and Kina's auditor during the AGM.

If you would like to ask a question prior to the AGM, please log onto [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au), select 'Voting' then click 'Ask a Question', or alternatively submit the enclosed AGM Question Form by 5:00pm (Port Moresby time | AEST) on Tuesday, 17 May 2022.

Thank you for your continued support of Kina and I look forward to your participation and the opportunity to engage with you at the AGM.

Yours faithfully,



**Isikeli Taureka**  
Chairman

## Notice of Annual General Meeting

**Kina Securities Limited (Company Number: 1-10989 | ARBN 606 168 594)**

Notice is hereby given that the Annual General Meeting (**AGM** or **Meeting**) of Shareholders of Kina Securities Limited (**Kina** or the **Company**) will be held on:

**Date:** Tuesday, 24 May 2022

**Time:** 10:00am (Port Moresby time | AEST)

**Venue:** **Online:** at <https://meetings.linkgroup.com/KSL22>

The Explanatory Memorandum attached to this Notice of Meeting, provides additional information on matters to be considered at the AGM and is hereby incorporated into and forms part of this Notice of Meeting.

### GENERAL BUSINESS

#### Receipt of the 2021 AGM Minutes

To receive, consider, and accept the Minutes of the Annual General Meeting held on 26 May 2021, as a correct record of the Meeting.

### ORDINARY BUSINESS

#### Receipt of the financial statement and reports

To receive the 2021 Annual Report, including the Financial Statements, Directors' Report and Auditor's Report for the Company and its subsidiaries for the year ended 31 December 2021. A copy of Kina's 2021 Annual Report can be downloaded on Kina's website at <https://investors.kinabank.com.pg/Investors/?page=Reports-and-Presentations>.

### Resolutions

#### Resolution 1 Re-election of Director- Isikeli Taureka

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

*"That Isikeli Taureka, who retires in accordance with Article 70.6 of the Constitution and being eligible, hereby offers himself for re-election, is re-elected as a Director of the Company."*

#### Resolution 2 Re-election of Director- Andrew Carriline

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

*"That Andrew Carriline, who retires in accordance with Article 70.6 of the Constitution and being eligible, hereby offers himself for re-election, is re-elected as a Director of the Company."*

#### Resolution 3 Re-election of Director- Paul Hutchinson

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

*"That Paul Hutchinson, who retires in accordance with Article 70.6 of the Constitution and being eligible, hereby offers himself for re-election, is re-elected as a Director of the Company."*

#### Resolution 4 Appointment of Auditor

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

*"That, in accordance with Section 190 of the Papua New Guinea Companies Act 1997 (**Companies Act**) and for all other purposes, Deloitte Touche Tohmatsu be appointed as the Auditor of the Company commencing at the end of this Meeting until the next Annual General Meeting of the Company, and being eligible to do so, offer themselves for reappointment and that, in accordance with Section 191 of the Companies Act, the Directors be authorised to fix the remuneration and expenses of the Auditor."*

#### Resolution 5 Grant of Performance Rights to Managing Director and Chief Executive Officer for FY2021

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

*"That, for the purposes of ASX and PNGX Listing Rules 10.14 and for all other purposes, the issue of 358,207 Performance Rights under the Kina Performance Rights Plan - FY2021 Short Term Incentive Award and 341,149 Performance Rights under the Kina Performance Rights Plan - FY2021 Long Term Incentive Award to the Managing Director and Chief Executive Officer, Mr Gregory Pawson, for the financial year ended 31 December 2021, in accordance with the rules of the Kina Performance Rights Plan and on the terms described in the Explanatory Notes which forms part of this Notice of Meeting, is approved."*

## **Resolution 6 Grant of Performance Rights to Managing Director and Chief Executive Officer for FY2022**

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

*“That, for the purposes of ASX and PNGX Listing Rules 10.14 and for all other purposes, the issue of Performance Rights up to the value of A\$310,433 under the Kina Performance Rights Plan - FY2022 Short Term Incentive Award and Performance Rights up to the value of A\$295,650 under the Kina Performance Rights Plan - FY2022 Long Term Incentive Award to the Managing Director and Chief Executive Officer, Mr Gregory Pawson, for the financial year ending 31 December 2022, in accordance with the rules of the Kina Performance Rights Plan and on the terms described in the Explanatory Notes which forms part of this Notice of Meeting, is approved.”*

### **Voting Exclusion Statement - Resolutions 5 and 6**

1. In accordance with ASX and PNGX Listing Rules 14.11, the Company will disregard any votes cast in favour of Resolutions 5 and 6 by or on behalf of:
  - a) a person referred to in ASX and PNGX Listing Rules 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the Kina Performance Rights Plan - Short Term Incentive Award or the Kina Performance Rights Plan - Long Term Incentive Award; or
  - b) an associate of that person (or those persons).
2. However, this does not apply to a vote cast in favour of Resolutions 5 and 6 by:
  - a) a person as proxy or attorney for a person who is entitled to vote on Resolutions 5 and 6, in accordance with directions given to the proxy or attorney to vote on Resolutions 5 and 6 in that way; or
  - b) the Chairman of the Meeting as proxy or attorney for a person who is entitled to vote on Resolutions 5 and 6, in accordance with a direction given to the Chairman of the Meeting to vote on Resolutions 5 and 6 as the Chairman of the Meeting 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 Resolutions 5 and 6; and
    - ii) the holder votes on Resolutions 5 and 6 in accordance with directions given by the beneficiary to the holder to vote in that way.

## **Resolution 7 Issue of Performance Rights under the Kina Performance Rights Plan**

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

*“That for the purpose of ASX and PNGX Listing Rules 10.14 and all other purposes, the issue of 1,447,272 Unquoted Performance Rights to Key Management Personnel under the Kina Performance Rights Plan, on the terms described in the Explanatory Memorandum which forms part of this Notice of Meeting, is approved.”*

### **Voting Exclusion Statement - Resolution 7**

1. In accordance with ASX and PNGX Listing Rules 14.11, the Company will disregard any votes cast in favour of Resolution 7 by or on behalf of:
  - a) any Key Management Personnel (**KMP**); and
  - b) an associate of that person (or those persons).
2. Additionally, in accordance with ASX and PNGX Listing Rules 14.11, the Company will also disregard any votes cast in favour of Resolution 7 by or on behalf of a person referred to in ASX and PNGX Listing Rules 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the Kina Performance Rights Plan, or an associate of that person (or those persons).
3. However, this does not apply to a vote cast in favour of Resolution 7 by:
  - a) a person as proxy or attorney for a person who is entitled to vote on Resolution 7, in accordance with the directions given to the proxy or attorney to vote on Resolution 7 in that way; or
  - b) the Chairman of the Meeting as proxy or attorney for a person who is entitled to vote on Resolution 7, in accordance with a direction given to the Chairman to vote on the Resolution as the Chairman of the Meeting 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 Resolution 7; and
    - ii) the holder votes on Resolution 7 in accordance with directions given by the beneficiary to the holder to vote in that way.

4. In accordance with section 250BD of the Australian *Corporations Act 2001 (Cth)* (**Corporations Act**), a vote must not be cast on Resolution 7 as a proxy by a member of the KMP at the date of the AGM, or a closely related party of those persons, unless it is cast as proxy for a person entitled to vote in accordance with their directions. This restriction on voting undirected proxies does not apply to the Chairman of the Meeting where the proxy appointment expressly authorises the Chairman of the Meeting to exercise undirected proxies even if the resolution is connected, directly or indirectly, with the remuneration of the KMP.

#### **Resolution 8 Remuneration Report**

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

*“That the Company’s Remuneration Report for the financial year ended 31 December 2021, as set out in the Directors’ Report, is adopted.”*

The Remuneration Report is contained in the 2021 Annual Report which is available on Kina’s website at: <https://investors.kinabank.com.pg/Investors/?page=Reports-and-Presentations>. Please note that, in accordance with section 250R(3) of the Corporations Act, the vote on this resolution is advisory only and does not bind the Directors or the Company.

#### **Voting Exclusion Statement - Resolution 8**

A vote on Resolution 8 must not be cast (in any capacity) by, or on behalf of, the following persons:

- a) a member of the KMP whose remuneration details are included in the 2021 Remuneration Report; or
- b) a closely related party of such a KMP (including close family members and companies the KMP controls).

However, a person described above may cast a vote on Resolution 8 as a proxy if the vote is not cast on behalf of a person described above and either:

- a) the proxy appointment is in writing that specifies the way the proxy is to vote (e.g., for, against, abstain) on the resolution; or
- b) the vote is cast by the Chairman of the Meeting and the appointment of the Chairman as proxy:
  - i) does not specify the way the proxy is to vote on the resolution; and
  - ii) expressly authorises the Chairman to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the KMP.

“Key management personnel” and “closely related party” have the same meaning as set out in the Corporations Act.

In accordance with section 250BD of the Corporations Act, a vote must not be cast on Resolution 8 as a proxy by a member of the KMP at the date of the AGM, or a closely related party of those persons, unless it is cast as proxy for a person entitled to vote in accordance with their directions. This restriction on voting undirected proxies does not apply to the Chairman of the Meeting where the proxy appointment expressly authorises the Chairman of the Meeting to exercise undirected proxies even if the resolution is connected, directly or indirectly, with the remuneration of the KMP.

#### **Resolution 9 Amendments to the Constitution**

To consider and if thought fit, pass the following as a **special resolution** of the Company:

*“That for the purpose of Section 33(2) of the Companies Act and for all other purposes, the amendments to the Company’s Constitution as set out in the proposed amended Constitution, attached as Annexure A to the Explanatory Statement which forms part of this Notice of Meeting and signed by the Chairman for identification, be approved with effect from the end of the Meeting.”*

**Note:** this resolution is a special resolution and can only be passed if at least 75% of the votes cast, in person or by proxy, by members who are entitled to vote on the resolution, vote in favour.

#### **Voting Exclusion Statement - Resolution 9**

There is no voting exclusion for Resolution 9.

#### **Resolution 10 Approval of 10% Placement Facility**

To consider and, if thought fit, pass the following as a **special resolution** of the Company:

*“That, pursuant to and in accordance with 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 the issue), calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 and on the terms and conditions described in the Explanatory Memorandum which forms part of the Notice of Meeting.”*

**Note:** this resolution is a special resolution and can only be passed if at least 75% of the votes cast, in person or by proxy, by members who are entitled to vote on the resolution, vote in favour.

At the time of despatching this Notice, the Company is not proposing to make an issue of equity securities under ASX Listing Rule 7.1A.2.

## Voting Exclusion Statement

1. In accordance with ASX Listing Rule 14.11 and PNGX Listing Rule 14.11, the Company will disregard any votes cast in favour of Resolution 10 by or on behalf of:
  - a) any person who is expected to participate in an issue of shares under the 10% placement capacity, or any person who may obtain a material benefit as a result of an issue of shares under the 10% placement capacity, except a benefit solely by reason of being a holder of ordinary securities in the Company; or
  - b) an associate of that person.
2. However, this does not apply to a vote cast in favour of Resolution 10 by:
  - a) a person as proxy or attorney for a person who is entitled to vote on Resolution 10, in accordance with the directions given to the proxy or attorney to vote on Resolution 10 in that way; or
  - b) the Chairman of the Meeting as proxy or attorney for a person who is entitled to vote on Resolution 10, in accordance with a direction given to the Chairman to vote on the Resolution as the Chairman of the Meeting 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 Resolution 10;
    - ii) the holder votes on Resolution 10 in accordance with directions given by the beneficiary to the holder to vote in that way.

## **ANY OTHER BUSINESS**

To consider any other business of the day.

## **VOTING PROCEDURES AT THE AGM**

### **All resolutions will be by poll**

As the AGM is being held online only, and in accordance with Article 55.3 of the Constitution, the Chairman intends to demand a poll on each of the resolutions proposed at the AGM.

### **Direct voting**

In accordance with Article 53.3 of the Constitution, the directors, including the Chairman:

- a) have determined that at the AGM, a Shareholder who is entitled to attend and vote on a resolution at the AGM is entitled to a direct vote in respect of that resolution; and
- b) have approved the use of the Link's online platform as means by which Shareholders may deliver their direct vote.

### **Casting your direct vote in real time using Link's online platform**

To facilitate Shareholder participation, and in accordance with his powers under Article 53.3 of the Constitution, the Chairman has determined that all Shareholders will have the opportunity to participate in the AGM through Link's online platform at <https://meetings.linkgroup.com/KSL22>, where all Shareholders will be able to view the AGM live, lodge a direct vote in real time and ask questions online.

### **Eligibility to Vote**

In accordance with Section 106 of the Companies Act and Article 59 of the Constitution, the Board has determined that persons who are registered holders of shares of the Company as at 7:00pm (Port Moresby time | AEST) on Sunday, 22 May 2022, being two days before date of Meeting, will be entitled to participate and vote at the AGM as a Shareholder.

If more than one joint holder of shares is present at the AGM (whether online or by proxy) and tenders a vote, only the vote of the joint holder whose name appears first on the register will be counted.

### **How to Vote**

#### **Direct vote - prior to the AGM**

In accordance with Clause 5 of Schedule 2 of the Companies Act, Shareholders will be able to vote on resolutions considered at the meeting **at any time between the date of this Notice of Meeting and 10.00am (Port Moresby time | AEST) on Sunday, 22 May 2022**. For details about how you can submit your Proxy Form, please refer to the section below titled *Submitting your Proxy Form prior to the AGM*.

#### **Direct vote - during the AGM using Link's online platform**

Shareholders participating in the meeting using Link's online platform at <https://meetings.linkgroup.com/KSL22> will be able to vote directly **at any time between the commencement of the AGM at 10:00am (Port Moresby time | AEST) on Tuesday, 24 May 2022, and the closure of voting as announced by the Chairman during the AGM**.



More information regarding online participation at the AGM (including how to vote and ask questions online during the AGM) is available in the **Virtual Meeting Online Guide**. The Online Guide will be filed with the ASX and PNGX and will also be available on our website at <https://investors.kinabank.com.pg/Investors/?page=agm>. To ensure your browser is compatible, please follow the instructions in the Online Guide - we recommend confirming this prior to determining whether to participate in the AGM using Link's online platform.

If you lodge a direct vote, you are voting directly and are not appointing a third party, such as a proxy, to act on your behalf. Kina's Direct Voting Regulations governing direct voting are available on the Kina's website at <https://investors.kinabank.com.pg/Investors/?page=agm>. By submitting a direct vote, you agree to be bound by Kina's Direct Voting Regulations.

### Appointment of Proxy

If you are a Shareholder entitled to participate and vote at the AGM, you may appoint an individual or a body corporate as a proxy. If a body corporate is appointed as a proxy, that body corporate must ensure that it appoints a corporate representative in accordance with Clause 9 of Schedule 2 of the Companies Act to exercise its powers as proxy during the AGM.

A proxy need not be a Shareholder of the Company.

A Shareholder may appoint up to two proxies and specify the proportion or number of votes each proxy may exercise. If the Shareholder does not specify the proportion or number of votes to be exercised, each proxy may exercise half of the Shareholder's votes.

If you wish to appoint a proxy, please fill out, sign, and return the attached Proxy Form as directed by the notes on the Proxy Form.

### Submitting your Proxy Form prior to the AGM

To be effective, the Proxy Form must be received by the Company in the manner set out below.

The Chairman of the Meeting's decision on the validity of a direct vote or vote cast by a proxy, is conclusive and the Company reserves the right to declare invalid any Proxy Form not received in this manner.

For your proxy or direct vote prior to the AGM to be effective, your completed Proxy Form must be received by Link no later than **10.00am (Port Moresby time AEST) on Sunday, 22 May 2022**. After this time, you will still be able to vote during the AGM by submitting your direct vote at the Meeting or during the Meeting using Link Group's online platform.

Proxy Forms must be received before that time by one of the following methods:

	<b>Australia</b>	<b>PNG</b>
By post:	Kina Securities Limited C/- Link Market Services Limited Locked Bag A14 Sydney South NSW 1235 Australia	Kina Securities Limited C/- PNG Registries Limited PO Box 1265 Port Moresby NCD Papua New Guinea
By facsimile:	+61 2 9287 0309	+675 321 6379
By delivery in person:	Link Market Services Limited Parramatta Square, Level 22, Tower 6, 10 Darcy Street, Parramatta NSW 2150	PNG Registries Limited Level 4, Cuthbertson House Cuthbertson Street Port Moresby NCD
Online:	<a href="http://www.linkmarketservices.com.au">www.linkmarketservices.com.au</a>	<a href="mailto:pngregistries@linkgroup.com">pngregistries@linkgroup.com</a>
All enquiries to (telephone):	+61 1300 554 474	+675 321 6377 or 321 6378

### Power of Attorney

A Proxy Form and the original Power of Attorney (if any) under which the Proxy Form is signed (or a certified copy of that Power of Attorney or other authority) must be received by the Company no later than **10.00am (Port Moresby time | AEST) on Sunday, 22 May 2022**, being 48 hours before the AGM.

### Impact of your Proxy Appointment on your Proxy Voting Instructions

If you appoint the Chairman of the Meeting as your proxy, or the Chairman becomes your proxy by default, and you do not direct your proxy how to vote on Resolutions 5, 6, 7 and 8, then by submitting the proxy appointment you will be expressly authorising the Chairman to exercise your proxy on the relevant resolution.

### The Chairman's voting intentions

The Chairman intends to vote undirected proxies on, and in favour of, each of the proposed resolutions.



## Questions from Shareholders

Shareholders who are unable to physically attend or participate in the Meeting via the online platform, may prefer to register questions in advance, and are invited to do so. Please log onto [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au), select 'Voting' then click 'Ask a Question', or alternatively submit the enclosed **AGM Question Form**.

To allow time to collate questions and prepare answers, please submit any questions by 5:00pm (Port Moresby time | AEST) on Tuesday, 17 May 2022, (being no later than the fifth Business Day before the AGM is held).

Questions will be collated, and during the AGM, the Chairman will seek to address as many of the more frequently raised topics as possible. However, there may not be sufficient time available at the AGM to address all topics raised. Please note that individual responses will not be sent to Shareholders.

## Enclosures

Enclosed are the following documents:

- a *Proxy Form* to be completed if you would like to be represented at the AGM by a proxy. Shareholders are encouraged to use the online voting facility that can be accessed on Kina Securities Limited's share registry's website at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au) to ensure the timely and cost-effective receipt of your Proxy Form;
- an *AGM Question Form* to be completed if you would like a specific question to be addressed by the Chairman of the Meeting or Deloitte (our external auditor) at the AGM; and
- a *Reply-Paid Envelope* for you to return either or both the Proxy Form and AGM Question Form.

## By order of the Board of Directors



**Chetan Chopra**  
**Company Secretary**

22 April 2022

## Explanatory Memorandum

This Explanatory Memorandum has been prepared to assist Shareholders of the Company (**Shareholders**) in considering each of the Resolutions set out in the Company's Notice of Annual General Meeting. This Explanatory Memorandum forms part of the Company's Notice of Annual General Meeting to be held on Tuesday, 24 May 2022 at 10:00am (Port Moresby time | AEST).

The purpose of this Explanatory Memorandum is to provide Shareholders with information that is reasonably required by Shareholders to decide how to vote upon the Resolutions. The Company's Notice of Annual General Meeting and this Explanatory Memorandum should be read in their entirety and in conjunction with each other.

Subject to the abstentions noted below, the Directors unanimously recommend Shareholders vote in favour of all Resolutions. The Chairman of the Meeting intends to vote all available undirected proxies in favour of each Resolution.

Each of the Resolutions are Ordinary Resolutions, which require a simple majority of votes cast by Shareholders present and entitled to vote on the Resolution.

## BACKGROUND TO THE ITEMS OF BUSINESS

### GENERAL BUSINESS

#### Receipt of the 2021 AGM Minutes

The Chairman will table the 2021 AGM Meeting Minutes dated 26 May 2021 as a correct record of the Meeting.

### ORDINARY BUSINESS

#### Receipt of the financial statements and reports

The 2021 Annual Report, including the Financial Statements, Director's Report and the Auditor's Report included in the 2021 Annual Report (**Reports**), for the Company and its subsidiaries for the year ended 31 December 2021 are attached to this Explanatory Memorandum for the Shareholders to read prior to the meeting. A copy of Kina's 2021 Annual Report can be downloaded on Kina's website at <https://investors.kinabank.com.pg/Investors/?page=Reports-and-Presentations>.

Neither the Companies Act nor the Company's Constitution requires Shareholders to vote on the Reports. However, Shareholders will be given a reasonable opportunity to ask questions on the Reports at the Meeting.

Following consideration of the Reports, the Chairman will give Shareholders a reasonable opportunity to ask questions about, or comment on the management of the Company.

The Chairman will also give Shareholders a reasonable opportunity to ask the Auditor questions relevant to:

- a) the conduct of the audit;
- b) the preparation and content of the Independent Auditor's Report;
- c) the accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- d) the independence of the Auditor in relation to the conduct of the audit.

In addition to asking questions during the Meeting, Shareholders may address written questions to the Chairman of the Meeting about the management of the Company or to the Company's Auditor, Deloitte, using the enclosed AGM Question Form.

Shareholders must submit their written question(s) to the Company or to Deloitte, by 5:00pm (Port Moresby time | AEST) on Tuesday, 17 May 2022, (being no later than the fifth business day before the AGM is held to the address listed on the Proxy Form attached to this Notice of Meeting).

The Chairman will give the Auditor a reasonable opportunity to answer written questions submitted by Shareholders that are relevant to the content of the Independent Auditor's Report or the conduct of the audit. A list of any relevant written questions submitted by Shareholders will be made available on the Company's website prior to the start of the AGM, and any written answer provided by the Auditor at the AGM will be made available to all Shareholders on the ASX and PNGX Announcements Platforms, as soon as practicable after the conclusion of the Meeting.

## Resolutions

### Resolution 1 Re-election of Director - Isikeli Taureka

#### General

In accordance with ASX Listing Rule 14.4, PNGX Listing Rule 14.4 and Article 70.6 of the Constitution, a director must not hold office (without re-election) past the third annual general meeting of Shareholders following the Director's appointment or three years, whichever is longer. A Director who retires in accordance with these requirements is eligible for re-election. If Shareholders do not approve the re-election of Mr Taureka, then he will cease to be a Director of the Company at the conclusion of the AGM.

## Director Profile

Isikeli Taureka was appointed as a Non-Executive Director of the Company on 19 April 2016. In accordance with Article 70.6 of the Constitution, Mr Taureka will retire from office at the conclusion of the AGM and is eligible for re-election as a Director of the Company.

The Board considered whether Mr Taureka had any interest, position or relationship that may interfere with each of his independence as a director, having regard to the relevant factors as set out in the ASX Principles. The Board considers that Mr Taureka (if re-elected), will continue to be an independent Director.

Mr Taureka was appointed as a Director of Kina Securities Limited in April 2016.

Previously, he held the position of Managing Director of Kumul Consolidated Holdings which is the trustee and shareholder for the Government of PNG in major state-owned entities including Air Niugini, Water PNG, PNG Power Limited, Kumul Telikom Holdings, Ports PNG, Post PNG and Motor Vehicles Insurance Limited.

Isikeli previously held a number of senior executive roles with Chevron Corporation. Before joining Chevron, he was the Managing Director of the PNG-owned Post and Telecommunication Corporation and held senior management positions in the Bank of South Pacific Limited.

Mr Taureka provides extensive knowledge and networks across Papua New Guinea and Fiji.

He holds a Bachelor of Economics degree from the University of Papua New Guinea and is a Graduate Member of the Australian Institute of Company Directors.

Mr Taureka is Chairman of the Board of Kina Securities Limited and Chairman of the Disclosure Committee.

Prior to submitting himself for re-election, Mr Taureka has confirmed that he would continue to have sufficient time to properly fulfil his duties and responsibilities to the Company.

The Board supports the re-election of Mr Taureka as he will continue to contribute to the Board, significant experience in the areas of leadership and commercial acumen, international experience, and strategy.

## Resolution 2 Re-election of Director - Andrew Carriline

### General

In accordance with ASX Listing Rule 14.4, PNGX Listing Rule 14.4 and Article 70.6 of the Constitution, a director must not hold office (without re-election) past the third annual general meeting of Shareholders following the Director's appointment or three years, whichever is longer. A Director who retires in accordance with these requirements is eligible for re-election. If Shareholders do not approve the re-election of Mr Carriline, then he will cease to be a Director of the Company at the conclusion of the AGM.

## Director Profile

Andrew Carriline was appointed as a Non-Executive Director of the Company on 16 August 2018. In accordance with Article 70.6 of the Constitution, Mr Carriline will retire from office at the conclusion of the AGM and is eligible for re-election as a Director of the Company.

The Board considered whether Mr Carriline had any interest, position or relationship that may interfere with each of his independence as a director, having regard to the relevant factors as set out in the ASX Principles. The Board considers that Mr Carriline (if re-elected), will continue to be an independent Director.

Mr Andrew Carriline was appointed as a Director of Kina on 16 August 2018.

Andrew is an experienced business executive, highly skilled at operating successfully in regulated environments. He was an Executive at a major Australian bank, where until 2017 he was the Chief Risk Officer in the Institutional Bank, as well as Chairman of the bank's business in PNG. Since 2017 Andrew has accepted a number of non-executive roles in the "for profit" and "not for profit" sectors.

Before his focus on pure risk roles, Andrew practised corporate law in the public and private sector and has held a number of senior legal and operational roles.

Andrew holds Bachelor degrees in Law and Commerce from UNSW and is a graduate of the Australian Institute of Company of Directors.

Mr Carriline is a Member of the Audit and Risk Committee, the Disclosure Committee and the Remuneration and Nomination Committee.

Prior to submitting himself for re-election, Mr Carriline has confirmed that he would continue to have sufficient time to properly fulfil his duties and responsibilities to the Company.

The Board supports the re-election of Mr Carriline as he will continue to contribute to the Board, significant experience in the areas of banking and/or financial services experience, leadership and commercial acumen, financial acumen, risk and compliance, governance, and stakeholder engagement.

### **Resolution 3 Re-election of Director - Paul Hutchinson**

#### **General**

In accordance with ASX Listing Rule 14.4, PNGX Listing Rule 14.4 and Article 70.6 of the Constitution, a director must not hold office (without re-election) past the third annual general meeting of Shareholders following the Director's appointment or three years, whichever is longer. A Director who retires in accordance with these requirements is eligible for re-election. If Shareholders do not approve the re-election of Mr Hutchinson, then he will cease to be a Director of the Company at the conclusion of the AGM.

#### **Director Profile**

Paul Hutchinson was appointed as a Non-Executive Director of the Company on 16 August 2018. In accordance with Article 70.6 of the Constitution, Mr Hutchinson will retire from office at the conclusion of the AGM and is eligible for re-election as a Director of the Company.

The Board considered whether Mr Hutchinson had any interest, position or relationship that may interfere with each of his independence as a director, having regard to the relevant factors as set out in the ASX Principles. The Board considers that Mr Hutchinson (if re-elected), will continue to be an independent Director.

Paul is currently employed by the University of Adelaide in the capacity of Program Director, responsible for large scale organisation restructuring and major projects.

Previously, Paul was the Managing Director and Chief Executive Officer of Rural Bank (specialising in the provision of financial services to the agribusiness sector), Chief Operating Officer of New Zealand Post and a variety of senior appointments with Westpac Banking Corporation, National Australia Bank and Bank of New Zealand.

Paul has extensive background in strategy, finance, sales and distribution, commercial operations and risk management honed over 30 years in the financial services sector. He is well versed in corporate governance practices and currently holds directorships with RSPCA (South Australia), the Planning, Finance and Performance Committee for the SACE Board, Regional Council for FINSIA and is the Chair of the University of Adelaide's Business School Advisory Board and International Centre for Financial Services. Previous board appointments include Rural Bank Ltd, Outsource Australia Ltd and Datamail Group Ltd.

Paul has attended the Bankers Course in conjunction with the New Zealand Bankers Association and the University of Victoria and is a graduate of the Harvard Business School General Management Program. He is a Fellow of the Institute of Financial Services and is a member of the Australian Institute of Company Directors, having attended both the Company Directors Course and International Company Directors Course.

Mr Hutchinson is Member of the Audit and Risk Committee.

Prior to submitting himself for re-election, Mr Hutchinson has confirmed that he would continue to have sufficient time to properly fulfil his duties and responsibilities to the Company.

The Board supports the re-election of Mr Hutchinson as he will continue to contribute to the Board, significant experience in the areas of banking and/or financial services experience, leadership and commercial acumen, financial acumen, customer focus and outcomes and stakeholder engagement.

### **Resolution 4 Appointment of Auditor**

This resolution is to appoint the Company's Auditor, Deloitte Touche Tohmatsu, to hold office from the conclusion of this Meeting until the conclusion of the Company's next Annual General Meeting, and to authorise the Directors to fix the fees and expenses of the Auditor, and is formally put to Shareholders, in accordance with Sections 190 - 191 of the Companies Act.

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

### **Resolution 5 Grant of Performance Rights to Managing Director and Chief Executive Officer for FY2021**

### **Resolution 6 Grant of Performance Rights to Managing Director and Chief Executive Officer for FY2022**

Shareholders are asked to vote on whether Mr Pawson, the Company's Managing Director and Chief Executive Officer (**MD&CEO**), should receive Performance Rights as part of his remuneration for the financial year ended 31 December 2021 and for the financial year ending 31 December 2022.

The Board believes that the MD&CEO's remuneration should be aligned to the long-term interests of Shareholders. Accordingly, the Board believes that the MD&CEO should maintain a shareholding in Kina and that part of his remuneration should be in the form of equity that vests if certain conditions or hurdles are achieved.

The proposed awards of Performance Rights will be made under the Kina Performance Rights Plan - Short Term Incentive (**STI**) Award and the Kina Performance Rights Plan - Long Term Incentive (**LTI**) Awards. The Kina Performance Rights Plan (**Plan**) was re-approved by Shareholders at the AGM held on 19 May 2020 and the terms of the Plan Awards are summarised at a high level in this Explanatory Memorandum.

Each Right represents a right to be issued an ordinary share in the Company (**Share**) at a future point in time subject to the satisfaction of any conditions relating to vesting, performance hurdles and/or exercise. Awards under the Plan are expressed as a number of Performance Rights to acquire a certain number of Shares (generally on a one for one basis).

### **Why is Shareholder approval being sought?**

Shareholder approval is being sought to satisfy ASX Listing Rule 10.14 and PNGX Listing Rule 10.14, which requires Shareholder approval if a director is issued securities under an employee incentive scheme. Accordingly, before any securities may be granted to the MD & CEO, the grants must first be approved by Shareholders.

If Shareholders approve Resolutions 5 and 6, the Company will be able to proceed with the issuance to Mr Pawson of:

- a) 358,207 Performance Rights in relation to his FY2021 STI Award (Resolution 5);
- b) 341,149 Performance Rights in relation to his FY2021 LTI Award (Resolution 5);
- c) Performance Rights up to the value of A\$310,433 in relation to his FY2022 STI Award (Resolution 6); and
- d) Performance Rights up to the value of A\$295,650 in relation to his FY2022 STI Award (Resolution 6),

on the terms and conditions as set out in this Notice.

If Shareholders do not approve Resolutions 5 and 6, the proposed issuance of the above Performance Rights to Mr Pawson will not proceed, and the Board would need to consider alternative remuneration arrangements.

Further details of Mr Pawson's remuneration package are set out in the Remuneration Report contained in the Company's 2021 Annual Report, and available on Kina's website at:

<https://investors.kinabank.com.pg/Investors/?page=Reports-and-Presentations>.

### **Proposed grant of Performance Rights**

#### **FY2021 - STI**

The Board determined Mr Pawson's FY2021 STI Award, based on the performance of the Company and Mr Pawson for the financial year ended 31 December 2021 (**FY2021**). Mr Pawson is eligible for a STI Award of up to 150% of his annual salary. It is intended that Mr Pawson's FY2021 STI Award will be issued as 65% cash and 35% Performance Rights, subject to Shareholder approval. The Board has assessed that based on the performance of the Company and Mr Pawson for FY2021, he will be awarded a STI Award equal to 142.5% of his base salary of \$591,300, being \$842,603, which will be paid as \$547,692 in cash (65%) and \$294,911 in Performance Rights (35%), subject to Shareholder approval.

Accordingly, Shareholder approval is sought for the issuance of 358,207 Performance Rights (being Mr Pawson's FY2021 STI Performance Rights Award of A\$294,911, divided by the issue price of \$0.8233 per share, being the 10-trading day volume weighted average price (**10-day VWAP**) of Kina Shares up to 31 December 2021).

#### **FY2021 - LTI**

Mr Pawson is eligible for a LTI Award of up to 50% of his base salary. The Board has assessed that based on the performance of the Company and Mr Pawson for FY2021, he will be awarded a LTI equal to 47.5% of his base salary of \$591,300, being \$280,868.

Accordingly, Shareholder approval is sought for the issuance of 341,149 Performance Rights (being Mr Pawson's FY2021 LTI Performance Rights Award of A\$280,868, divided by the issue price of \$0.8233 per share, being the 10-day VWAP of Kina Shares up to 31 December 2021).

#### **FY2022 - STI**

The Board will determine Mr Pawson's FY2022 STI Award based on the performance of the Company and Mr Pawson for the financial year ending 31 December 2022 (**FY2022**). Mr Pawson is eligible for a STI Award of up to 150% of his base salary. It is intended that Mr Pawson's FY2022 STI Award will be issued as 65% cash and 35% Performance Rights, subject to Shareholder approval.

Accordingly, Shareholder approval is sought for the issuance of Performance Rights up to the value of A\$310,433 (the actual number of Performance Rights to be allocated will be determined by dividing this amount by the 10-day VWAP of Kina Shares up to 31 December 2022).

#### **FY2022 - LTI**

Mr Pawson is eligible for a LTI Award of up to 50% of his base salary. The actual Award under the LTI Plan is yet to be determined but the maximum potential amount for award to Mr Pawson is A\$295,650. The method to be used to determine the actual award is set out below under *Long Term Incentive*.

Accordingly, Shareholder approval is sought for the issuance of Performance Rights up to the value of A\$295,650 (the actual number of Performance Rights to be allocated will be determined by dividing this amount by the 10-day VWAP of Kina shares up to 31 December 2022).

It is common practice for ASX and PNGX Listed companies to seek approval for grants to be awarded to Directors prior to the end of the relevant financial year, in order to incentivise key executives for the following financial year. Accordingly, Kina is seeking Shareholder approval for the award of Performance Rights to Mr Pawson for the period ending 31 December 2022.

## Short Term Incentive (STI)

### Performance Hurdles for the STI

Mr Pawson's potential STI Award is determined based on a number of financial and non-financial key performance indicators (**KPIs**). These include achievement against the Board approved budget for the Performance Period, specific targets for net interest margins, income expense ratios, and growth in various parts of the business. Mr Pawson's performance is also measured against the Group's ability to comply with legislative and regulatory requirements set by the Bank of Papua New Guinea.

### Performance Periods

The Performance Period for the FY2021 STI Award was 1 January 2021 to 31 December 2021 inclusive.

The Performance Period for the FY2022 STI Award is 1 January 2022 to 31 December 2022 inclusive.

At the end of the Performance Period, the Board determines the amount of Performance Rights that will be issued for that period. The number of Performance Rights to be allocated is then determined by dividing the monetary amount of Performance Rights by the 10-day VWAP of Kina Shares up to 31 December for the Performance Period. The Performance Rights are subject to vesting conditions, as set out below.

The Board has assessed that based on the performance of the Company and Mr Pawson for FY2021, he will be awarded a STI Award equal to 142.5% of his base salary of \$591,300, being \$842,602, which will be paid as \$547,692 in cash and \$294,911 in Performance Rights, subject to Shareholder approval.

### Vesting conditions

Performance Rights granted under the STI Award have a vesting period of two years from grant date. Vesting is conditional on the recipient remaining in employment for the two-year period.

## Long Term Incentive (LTI)

### Performance Hurdles for the LTI

The Performance Rights are subject to two separate performance hurdles:

Earnings per share (EPS) hurdle	Relative total shareholder return (TSR) hurdle
50% of the Performance Rights	50% of the Performance Rights
Earnings per share growth targets ( <b>EPS Hurdle</b> ) for the relevant Performance Period are met	Total Shareholder Return targets ( <b>TSR Hurdle</b> ) for the relevant Performance Period are met

The EPS Hurdle and TSR Hurdle are considered appropriate measures of performance as they are intended to drive longer-term company performance.

### EPS Hurdle

The EPS Hurdle has been determined with reference to the macroeconomic environment, relevant benchmarks, and the Company's strategy.

No Performance Rights will vest if the compound annual growth rate is below 5%.

The EPS Hurdle for the Performance Period will be determined in accordance with the principles set out in the table below:

EPS Performance	Vesting outcome
<5% compound annual growth of EPS	Nil vesting
5%	50% vesting
>5% and <10%	Pro-rata between 50% to 100%
10%	100% vesting

### TSR Hurdle

50% of the Performance Rights will be subject to a relative TSR Hurdle, which compares the TSR performance of the Company with each of the entities in a comparator group within the S&P/ASX200 as determined by the Board.

In order for the Performance Rights to vest, the TSR of the Company is compared to a custom peer group of directly comparable companies. The group of companies is selected based on their operations in a similar industry and with a



similar market capitalisation. The TSR of each of the entities in the comparator group will be measured from the start of the relevant Performance Period to the end of the Performance Period.

The TSR Hurdle for the Performance Period will be determined in accordance with the principles set out in the table below:

Relative TSR Performance	Vesting outcome
Below 50 <sup>th</sup> percentile	Nil vesting
At 50 <sup>th</sup> percentile	50% vesting
Between 50 <sup>th</sup> and 75 <sup>th</sup> percentiles	Pro-rata between 50% to 100%
Above 75 <sup>th</sup> percentile	100% vesting

### Performance Periods

The Performance Period for the FY2021 LTI Award is 1 January 2021 to 31 December 2023 inclusive.

The Performance Period for the FY2022 LTI Award is 1 January 2022 to 31 December 2024 inclusive.

The Board has assessed that based on the performance of the Company and Mr Pawson for FY2021, he will be awarded a LTI Award equal to 47.5% of his base salary of \$591,300, being \$280,868.

### Vesting conditions

Performance Rights granted under the LTI Award have a vesting period of three years from grant date. Vesting is conditional on the recipient remaining in employment for the three-year period.

### Further information

ASX Listing Rule 10.14 and PNGX Listing Rule 10.14, provide that a listed company may only permit a director to acquire shares or rights to shares under an employee incentive scheme where that director's participation has been approved by an ordinary resolution of Shareholders.

Details of any securities issued under the Plan will be published in the Annual Report of the Company relating to the period in which they were issued, along with a statement that approval for the issue was obtained under ASX Listing Rule 10.14 and PNGX Listing Rule 10.14.

In accordance with the ASX and PNGX Listing Rules, the following information is provided:

1. The maximum number of Performance Rights which may be issued to Mr Pawson will be determined as follows:
  - a) FY2021 STI Award - 358,207 Performance Rights;
  - b) FY2021 LTI Award - 341,149 Performance Rights;
  - c) FY2022 STI Award - the maximum value of Performance Rights is A\$310,433 (the actual number of Performance Rights to be allocated will be determined by dividing this amount by the 10-day VWAP of Kina Shares up to 31 December 2022); and
  - d) FY2022 LTI Award - the maximum value of Performance Rights is A\$295,650 (the actual number of Performance Rights to be allocated will be determined by dividing this amount by the 10-day VWAP of Kina shares up to 31 December 2022).
2. The Performance Rights will be allocated at no cost to Mr Pawson and the Board has determined that no amount is payable by Mr Pawson on the vesting of each Performance Right or exercise of any Performance Rights granted under the Plans.
3. Upon satisfaction of the performance hurdles/vesting conditions set by the Board, the Performance Rights will vest, and shares will be allocated or issued on a one-for-one basis.
4. There are no loans to be granted to Mr Pawson in connection with his participation in either the Kina Performance Rights Plan - STI Award or the LTI Award.
5. Mr Pawson is the only director of Kina entitled to participate in the Plan. If Shareholders vote in favour of Resolutions 5 and 6, no additional director who becomes entitled to participate in the Plan will participate until approval is obtained under ASX Listing Rule 10.14 and PNGX Listing Rule 10.14.
6. If Shareholder approval is obtained, the issue of Performance Rights (and the Shares underlying the Performance Rights) will be approved for the purposes of all applicable requirements under the ASX and PNGX Listing Rules and all other purposes.
7. In accordance with ASX Listing Rule 10.15.7, Kina will issue the Performance Rights to be granted for FY2021 no later than three years after the date of the 2022 AGM, that is by 24 May 2025.
8. Approval of Resolutions 5 and 6 will result in the grant of Performance Rights to Mr Pawson falling within ASX Listing Rule 7.2, exception 14. If Shareholder approval is given for the issue of securities under ASX & PNGX Listing Rule 10.14, approval is not required under ASX Listing Rule 7.1.
9. A voting exclusion applies to these Resolutions, as set out in the Notice of Meeting.
10. The current total remuneration package for FY2021 for Mr Pawson is:

Fixed base salary	Variable STI	Variable LTI	Total
\$591,300	\$842,603	\$280,868	\$1,714,771

11. The number of Performance Rights issued to Mr Pawson at \$nil cost since listing of the Company on 30 July 2015 are as follows:

Awards Granted	Awards Vested	Converted to Shares	Lapsed / Forfeited	Current Balance
2,033,749	630,803	630,803	0	1,402,946

12. Details of any securities issued under the Plan will be published in Kina's Annual Report relating to the period in which they were issued, along with a statement that approval for the issue was obtained under ASX Listing Rule 10.14. Any additional persons covered by ASX Listing Rule 10.14 who become entitled to participate in an issue of securities under the Plan after this Resolutions 5 and 6 are approved and who are not named in this Notice will not participate until approval is obtained.

**The Directors, with Mr Pawson abstaining, unanimously recommend Shareholders vote in favour of Resolutions 5 and 6.**

#### **Resolution 7 Issue of Performance Rights under the Kina Performance Rights Plan**

The Company is proposing to issue 1,447,272 Performance Rights under the Kina Performance Rights Plan (**Plan**) (**Issue**), to the following members of the Company's senior executive team, who are considered by the Board to be the Key Management Personnel (**KMP**) of the Company, as part of their Short-Term Incentive (**STI**) and Long-Term Incentive (**LTI**) Awards for the financial year ended 31 December 2021 (**Eligible Participants**):

Name of Eligible Participant	Number of Performance Rights to be Issued
Chetan Chopra	315,878
Ivan Vidovich	253,857
Deepak Gupta	181,738
Nathan Wingti	174,526
Johnson Kalo	159,238
Lesieli Taviri	159,238
Asi Nauna	106,447
Judith Ugava- Taunao	96,350
<b>Total</b>	<b>1,447,272</b>

ASX Listing Rule 10.14 requires Shareholder approval by ordinary resolution before any of the following persons can be issued securities under a listed entity's employee incentive scheme:

- a director;
- an associate of a director; or
- a person whose relationship with the listed entity, or the entity's directors or their associates is such that in the ASX's opinion, the acquisition of securities should be approved by Shareholders.

The Eligible Participants noted above are not directors of the Company and whilst approval for the issue of the securities is not required under the ASX Listing Rules, the Company has elected to include this resolution for transparency and good corporate governance

As each of the Eligible Participants are members of the Company's senior executive team and are considered by the Board to be the KMP of the Company, Resolution 7 seeks Shareholder approval for the Issue to the Eligible Participants. Specific details of the proposed Issue are set out below.

If Shareholders approve Resolution 7, the Company will be able to proceed with the Issue to the Eligible Participants, on the terms and conditions as set out in this Notice.

If Shareholders do not approve Resolution 7, the proposed Issue to the Eligible Participants, the Issue will not proceed, and the Board would need to consider alternative remuneration arrangements. However, to ensure Kina can attract and retain the right talent and align the Company's KMP with those of Shareholders, the Board considers it is important for Kina to offer incentives to its senior executives that are in line with market practice.

#### **Terms of the Kina Performance Rights Plan**

The terms of the Kina Performance Rights Plan are set out in the Plan Rules. The key elements of the Kina Performance Rights Plan (**Plan**) are as follows:

<b>Eligibility</b>	Participants must be a permanent full-time or part-time employee or Executive Director of Kina or any of its subsidiaries and has been determined by the Board to be eligible to participate in the Plan from time to time ( <b>Eligible Participant</b> ).
<b>Offers</b>	Under the rules of the Plan, Performance Rights may be offered to Eligible Participants from time to time. The number of Performance Rights the subject of an offer under the Plan will be determined by the Board (acting on the advice of the Remuneration and Nomination Committee).

<b>Terms and conditions</b>	<p>The Board has the absolute discretion to determine the terms and conditions applicable to an offer under the Plan, including:</p> <ul style="list-style-type: none"> <li>any conditions required to be satisfied before Performance Rights will be granted;</li> <li>any performance, vesting or other conditions required to be satisfied before Performance Rights vest and may be exercised (<b>Vesting Conditions</b>);</li> <li>any period during which Vesting Conditions must be satisfied before Performance Rights vest (<b>Vesting Period</b>);</li> <li>the exercise period during which Performance Rights may be exercised, subject to the terms of the Plan and the offer (<b>Exercise Period</b>);</li> <li>any applicable issue price and/or exercise price;</li> <li>any disposal restrictions on Shares to be issued or transferred upon the exercise of Performance Rights; and</li> <li>any other specific terms and conditions applicable to the offer.</li> </ul> <p>The specific terms and conditions applicable to an offer must be set out in the offer invitation.</p>
<b>Performance Rights</b>	Each Performance Right confers on its holder the entitlement to receive one Share (by way of issue or transfer) at the exercise price (if any) upon the exercise of the Performance Right.
<b>Ranking of Shares</b>	Shares issued upon vesting and or exercise of Performance Rights under the Plan will rank equally in all respects with Existing Shares.
<b>Forfeiture of Performance Rights</b>	<p>Performance Rights which are subject to Vesting Conditions (<b>Unvested Performance Rights</b>) may be forfeited:</p> <ul style="list-style-type: none"> <li>if the Board determines that any Vesting Condition applicable to the Performance Right has not been satisfied in accordance with its terms or is not capable of being satisfied;</li> <li>in certain circumstances if the participant's employment is terminated (<b>Cessation of Employment</b>); or</li> <li>in other circumstances specified in the Plan rules (e.g., where the Board determines that the participant has committed an act of fraud or gross misconduct in relation to the affairs of Kina).</li> </ul>
<b>Rights attaching to Performance Rights</b>	The Performance Rights do not carry rights to dividends or voting rights prior to exercise.
<b>Capital reconstructions</b>	In the event of a capital reconstruction, subject to the ASX Listing Rules, the Board may determine the manner in which any or all of the Performance Rights will be dealt with.
<b>Vesting and exercise of Performance Rights</b>	<p>If Performance Rights are offered subject to Vesting Conditions, Kina must give the participant a vesting notice upon such conditions having been satisfied or waived by the Board.</p> <p>Subject to any Vesting Conditions having been satisfied or waived, a Performance Right may be exercised in accordance with the relevant Eligible Participant's invitation and paying the exercise price (if any).</p>
<b>Lapse of Performance Rights</b>	<p>Unless otherwise specified in the Vesting Conditions or otherwise determined by the Board, a Performance Right will lapse on the earliest of:</p> <ul style="list-style-type: none"> <li>if the Board determines that any Vesting Condition applicable to the Performance Right has not been satisfied in accordance with its terms or is not capable of being satisfied;</li> <li>the expiry of the exercise period (if any);</li> <li>in certain circumstances if the participant's employment is terminated (<b>Cessation of Employment</b>);</li> <li>in other circumstances specified in the Plan rules (e.g., where the Board determines that the participant has committed an act of fraud or gross misconduct in relation to the affairs of Kina); or</li> <li>if the participant purports to deal in the Performance in breach of any disposal or hedging restrictions in respect of the Performance Right.</li> </ul>
<b>Restrictions on Performance Right</b>	<p>Except as permitted by the Board, Performance Rights must not be sold, transferred, encumbered, or otherwise dealt with.</p> <p>If restricted by applicable law, a participant may not enter into any arrangement for the purpose of hedging, or otherwise affecting their economic exposure to, any Performance Rights.</p>
<b>Waiver of vesting conditions</b>	The Board has the discretion to reduce or waive a Vesting Condition attaching to an award of Performance Rights in whole or in part at any time.
<b>New issues</b>	A participant holding Performance Rights is not entitled to participate in any new issue of securities.
<b>Bonus issues, pro-rata issues and capital reorganisations</b>	The Plan provides for adjustments to be made to the number of Shares which an Eligible Participant would be entitled to receive on the exercise of Performance Rights or the exercise price (if any) of the Performance Rights in the event of a bonus issue or pro-rata issue to existing holders of Shares (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) or a reorganisation of capital.
<b>Winding up</b>	If a resolution for a voluntary winding up of Kina is proposed, the Board may, in its absolute discretion, determine the manner in which any or all of the participant's Performance Rights will be dealt with.

<b>Cessation of employment</b>	The Plan contains certain provisions concerning the treatment of vested and unvested Performance Rights in the event that a participant ceases employment.
<b>Change of control</b>	In the event of a change of control, the Board may, in its absolute discretion, determine the manner in which any or all of the participant's Performance Rights will be dealt with.
<b>Quotation</b>	Performance Rights will not be quoted on the ASX or PNGX. Subject to the ASX and PNGX Listing Rules, Kina will apply to the ASX and PNGX for the official quotation of any Shares issued to participants for the purposes of the Plan.
<b>Trustee</b>	Kina may appoint a trustee to acquire and hold Shares or Performance Rights (including unvested Performance Rights) on behalf of participants, for transfer to future participants or otherwise for the purposes of the Plan.
<b>Plan limit and compliance with laws</b>	No Performance Rights may be issued to, or exercised by, a participant if to do so would contravene the Australian Corporations Act, the PNG Companies Act, the PNG Securities Act, the ASX Listing Rules, the PNGX Listing Rules or any relief or waiver granted by ASIC, the Registrar, ASX or PNGX that binds Kina in making any offer under the LTI Plan or otherwise in connection with the operation of the Plan. No Performance Rights may be offered under the Plan if to do so would breach the 5% capital limit on the issue of shares set out in ASIC Class Order 14/1000 in relation to employee share schemes.
<b>Amendments</b>	Subject to the ASX Listing Rules and PNGX Listing Rules, the Board may, in its absolute discretion, amend the Plan rules, or waive or modify the application of the Plan rules in relation to a participant, provided that (except in specified circumstances) if such amendment would adversely affect the rights of participants in respect of any Performance Rights then held by them, the Board must obtain the consent of all participants who hold those Performance Rights before making the amendment.

### Additional Information

For the purposes of ASX Listing Rule 10.15, the following additional information is provided for Shareholders.

- the Eligible Participants are members of the Company's KMP, and accordingly, Shareholder approval for each of the Eligible Participants to acquire equity securities under the Plan, is required.
- the current total remuneration package for FY2021 for each Eligible Participant comprises:

Name	Title	Fixed base salary	Variable STI	Variable LTI	Total
Chetan Chopra	Chief Financial Officer	\$400,000	\$308,750	\$152,000	\$860,750
Deepak Gupta	EGM Wealth & Advisory Services	\$350,000	\$142,500	\$99,750	\$592,250
Nathan Wingti	Group Manager Treasury	\$283,575	\$166,250	\$85,500	\$535,325
Ivan Vidovich	Chief Transformation Officer	\$375,000	\$190,000	\$142,500	\$707,500
Johnson Kalo	Chief Information Officer	\$302,480	\$114,000	\$91,200	\$507,680
Lesieli Taviri	EGM Banking	\$302,480	\$114,000	\$91,200	\$507,680
Asi Nauna	EGM Lending	\$207,955	\$71,250	\$62,700	\$341,905
Judith Ugava-Taunao	Chief of Staff	\$207,955	\$47,500	\$62,700	\$318,155

<sup>1</sup> Exchange rate of 1 PGK / 0.3871 AUD

- the number of Performance Rights issued to the Eligible Participants at \$nil cost since listing of the Company on 30 July 2015 are as follows:

Name	Awards Granted	Awards Vested	Converted to Shares	Lapsed / Forfeited	Current Balance
Chetan Chopra	985,911	333,620	333,620	74,089	578,202
Deepak Gupta	655,884	250,959	250,959	53,672	351,253
Nathan Wingti	357,574	88,163	88,163	12,991	256,420
Ivan Vidovich	274,114	26,923	26,923	0	247,191
Johnson Kalo	155,056	-	-	-	155,056
Lesieli Taviri	127,528	-	-	-	127,528
Asi Nauna	103,651	-	-	-	103,651
Judith Ugava-Taunao	0	0	0	0	0

Further information regarding the remuneration of each Eligible Participant is set out in the Company's Remuneration Report which forms part of the 2021 Annual Report.

- The Performance Rights are not quoted on the ASX and carry no voting or dividend rights. Shares issued on vesting of the Performance Rights will rank equally with ordinary shares on issue. Performance Rights are considered by the Board to be an appropriate equity security under the Plan, as the vesting of those Performance Rights link directly to vesting conditions to be satisfied before fully paid ordinary shares are issued.

- The Performance Rights will be issued to each Eligible Participant on or about the date of the AGM, held annually in May, but in any event no later than 3 years after the date of the Meeting. In relation to the 1,447,272 Performance Rights for which Shareholder approval is being sought, that would be no later than 24 May 2025.
- The issue price for the Performance Rights is nil and no money is payable by an Eligible Participant for a Share on the vesting of a Performance Rights.
- The terms of the Plan are set out in the Plan Rules. The key elements of the Plan are set out on pages 14 to 16 inclusive.
- No loans will be made in relation to the acquisition of the Performance Rights or Shares by an Eligible Participant.
- Details of any securities issued under the Plan will be published in Kina's Annual Report relating to the period in which they were issued, along with a statement that approval for the issue was obtained under ASX Listing Rule 10.14. Any additional persons covered by ASX Listing Rule 10.14 who become entitled to participate in an issue of securities under the Plan after this Resolution 7 is approved and who are not named in this Notice will not participate until approval is obtained.
- A voting exclusion statement is set out in the Notice.

ASX Listing Rule 7.1 imposes a 15% cap on the number of equity securities that can be issued by Kina without approval of Shareholders in any rolling twelve-month period. However, Kina is permitted to issue shares (or other securities) in excess of the 15% limit if those shares or securities are issued in reliance on an exception to ASX Listing Rule 7.1 or the issue is approved by Shareholders.

Resolution 7, if passed, will provide approval for this purpose in relation to both the Performance Rights and any Shares issued on vesting of those Performance Rights. If approval is given under Listing Rule 10.14, approval is not required under ASX Listing Rule 7.1, in accordance with Exception 14 in ASX Listing Rule 7.2.

***The Directors consider that the award of securities to the Eligible Participants an appropriate incentive in the best interests of Kina and therefore recommend that Shareholders vote in favour of Resolution 7.***

#### **Resolution 8. Remuneration Report**

Section 250R(2) of the Corporations Act requires that the section of the Directors' Report dealing with the remuneration of directors and key management personnel (**KMP**) of the Company (**Remuneration Report**) be put to the vote of Shareholders for adoption by way of a non-binding vote. The vote on this resolution is advisory only and does not bind the Directors or the Company. However, the Board will take the outcome of the vote into account in setting remuneration policy for future years.

Shareholders can view the full Remuneration Report in the 2021 Annual Report which is available on Kina's website at: <https://investors.kinabank.com.pg/Investors/?page=Reports-and-Presentations>.

Following consideration of the Remuneration Report, the Chairman will give Shareholders a reasonable opportunity to ask questions about, or make comments on, the Remuneration Report.

***The Directors abstain, in the interests of good corporate governance, from making a recommendation in relation to Resolution 8.***

#### **Resolution 9. Amendments to the Constitution**

The Constitution of the Company has not been amended since the Company listed on ASX and PNGX on 29 July 2015 (**Constitution**).

The Company has recently undertaken a review of the Constitution and proposes a number of modifications to reflect certain changes to corporate governance practices, the Companies Act 1997 (**Companies Act**) and Listing Rules of the ASX and PNGX (Listing Rules).

Under section 33(2) of the Companies Act, amendments to the Constitution may only be made by a special resolution of Shareholders. Resolution 9 is a special resolution and can only be passed if at least 75% of the votes cast, in person or by proxy, by Shareholders who are entitled to vote on the resolution, vote in favour.

The proposed amendments are set out in Annexure A to this Explanatory Memorandum (**Proposed Amended Constitution**).

To assist Shareholders in considering the Proposed Amended Constitution, the table below has been prepared to summarise the key amendments. The table is intended as a summary and should be read only as a guide to, but not a substitute for review of, the Proposed Amended Constitution.

## Overview of the proposed amendments to the Constitution

Topic	Summary of proposed amendment(s)
Joint Holders (Article 9(a))	In preparation for the changes to the ASX CHESS System, the Constitution will be amended to the effect that while presently the Company is not bound to register more than <b>three</b> persons as the holders of the shares (except in the case of trustees, executors or administrators of a deceased shareholder), after the resolution is passed, the Company will not be bound to register more than <b>four</b> persons as the holders of the shares (except in the case of trustees, executors or administrators of a deceased shareholder).
General meetings by telephone and other means of communication (Article 49)	The proposed amendment to Article 49 provides greater flexibility for and around the Company allowing general meetings to be held using one or more technologies that give the shareholders as a whole a reasonable opportunity to participate without being physically present in the same place.
Methods of holding meetings of the board (Article 85)	The proposed amendment to Article 85 provides great flexibility for and around board holding their meetings by telephone or other electronic means.
Electronic Signing (Article 93 and Article 110)	The proposed amendments to Article 94 and Article 110 removes any ambiguity concerning Directors' ability to sign a written resolution or notice electronically;
Restricted Securities (Article 120)	The proposed amendment to Article 120 adds a further provision to the effect that during a breach of the PNGX Rules or the ASX Rules (as relevant) relating to Restricted Securities, or a breach of a Restriction Agreement, the holder of the Restricted Securities is not entitled to any dividend or distribution, or voting rights, in respect of the Restricted Securities.

If passed by Shareholders at the meeting, these amendments will have immediate effect.

***The Directors consider the amendments appropriate and therefore recommend that Shareholders vote in favour of Resolution 9.***

### Resolution 10 Approval of 10% Placement Facility

Resolution 10 is a special resolution and can only be passed if at least 75% of the votes cast, in person or by proxy, by members who are entitled to vote on the resolution, vote in favour.

ASX Listing Rule 7.1 and PNGX Listing Rule 7.1 generally limits the amount of equity securities that a listed entity can issue without the approval of its Shareholders over any 12-month period to 15% of the fully paid ordinary securities it had on issue at the start of that period.

However, under ASX Listing Rule 7.1A mid to small cap listed companies may seek Shareholder approval by special resolution to issue equity securities equivalent to an additional 10% of the number of ordinary securities on issue by way of placement over a 12-month period (**10% placement capacity**). This is in addition to the existing 15% placement capacity permitted by ASX Listing Rule 7.1 and PNGX Listing Rule 7.1.

A company is eligible to seek Shareholder approval for this additional placement capacity under ASX Listing Rule 7.1A if it satisfies both of the following criteria at the date of the AGM:

- it has a market capitalisation of \$300 million or less; and
- it is not included in the S&P/ASX 300 Index.

The Company currently satisfies both the above criteria, and it is anticipated that it will satisfy both these criteria at the date of the AGM. If on the date of the AGM, Kina no longer meets this eligibility criteria, this Resolution 10 will be withdrawn.

The Company has not previously obtained the same approval under ASX Listing Rule 7.1A at a previous AGM.

Accordingly, Resolution 10 is seeking approval of Shareholders by special resolution for the issue of up to the number of equity securities as calculated under the formula set out in ASX Listing Rule 7.1A.2, at an issue price as permitted by ASX Listing Rule 7.1A.3, to such persons as the Board may determine, on the terms as described in this Explanatory Memorandum.

Approval of Resolution 10 does not oblige the Company to conduct a placement or use the additional 10% placement capacity. The approval would provide the Company with additional flexibility and an ability to move quickly in the event that an opportunity arose which required additional capital.

At the date of this Notice, the Company has on issue 286,935,900 fully paid ordinary shares and a capacity to issue:

- 43,040,385 (286,935,900 x 15%) equity securities under ASX Listing Rule 7.1 and PNGX Listing Rule 7.1; and
- 28,693,590 (286,935,900 x 10%) equity securities under ASX Listing Rule 7.1A (subject to approval of Resolution 10).



The actual number of equity securities that the Company will have capacity to issue under ASX Listing Rule 7.1A will be calculated at the date of issue of the equity securities in accordance with the formula prescribed in ASX Listing Rule 7.1A.2.

If Shareholders approve Resolution 10, the effect will be to allow Kina to issue equity securities under ASX Listing Rule 7.1 up to 15% capacity for ASX Listing Rule 7.1 and PNGX Listing Rule 7.1 and an additional 10% placement capacity for ASX Listing Rule 7.1A without further Shareholder approval.

If Shareholders do not approve Resolution 10, Kina will not be able to access the additional 10% placement capacity to issue equity securities without Shareholder approval under ASX Listing Rule 7.1A and will remain subject to the 15% capacity limit on issuing equity securities without Shareholder approval under ASX Listing Rule 7.1 and PNGX Listing Rule 7.1.

The proposed allottees of any equity securities under the additional 10% placement capacity are not as yet known or identified. In these circumstances, Shareholders must consider the proposal on the basis that they may or may not get a benefit and that it is possible that their holding will be diluted and there is no reason to exclude their votes

## ASX Listing Rule 7.1A

### Shareholder Approval

The ability to issue equity securities under the additional 10% placement capacity under ASX Listing Rule 7.1A is subject to Shareholder approval by way of a special resolution at an AGM. Hence, at least 75% of votes cast by Shareholders present and eligible to vote at the AGM must be in favour of Resolution 10 for it to be passed.

### Equity Securities

Equity securities issued under the additional 10% placement capacity must be in the same class as an existing quoted class of equity securities of the Company.

### Formula

ASX Listing Rule 7.1A.2 provides those eligible entities which have obtained Shareholder approval at an AGM may issue or agree to issue, during the 12-month period after the date of the AGM, a number of equity securities calculated in accordance with the following formula:

#### (A x D) - E

- A** is the number of fully paid ordinary shares on issue at the commencement of the 12-month period immediately before the date of issue or agreement to issue (**12-month period**):
- (a) **plus**, the number of fully paid ordinary shares issued in the 12-month period under an exception in ASX Listing Rule 7.2 other than exception 9, 16 or 17;
  - (b) **plus**, the number of fully paid ordinary securities issued in the 12-month period on the conversion of convertible securities within ASX Listing Rule 7.2 exception 9 where:
    - (i) the convertible securities were issued or agreed to be issued before the commencement of the 12-month period; or
    - (ii) the issue of, or agreement to issue the convertible securities was approved or taken under these rules to have been approved under ASX Listing Rule 7.1 or 7.4;
  - (c) **plus**, the number of fully paid ordinary securities issued in the 12-month period under an agreement to issue securities within ASX Listing Rule 7.2 exception 16 where:
    - (i) the agreement was entered into before the commencement of the 12-month period; or
    - (ii) the agreement or issue was approved, or taken under these rules to have been approved under ASX Listing Rule 7.1 or rule 7.4;
  - (d) **plus**, the number of any other fully paid ordinary securities that became fully paid in the 12-month period;
  - (e) **less** the number of fully paid Shares cancelled in the 12 months.
- Note that **A** has the same meaning in ASX Listing Rule 7.1, when calculating an entity's 15% placement capacity.
- D** is 10%.
- E** is the number of equity securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the 12-month period, where the issue or agreement has not been subsequently approved by Shareholders under ASX and PNGX Listing Rules 7.4.

### Information required by ASX Listing Rule 7.3A

The following information is provided to Shareholders for the purposes of obtaining Shareholder approval pursuant to ASX Listing Rule 7.3A:

#### a) 10% Placement Period

If any of the securities being approved by Resolution 10 are issued, they will be issued during the **10% Placement Period**, that is, within 12 months of the date of the AGM (i.e., by 24 May 2023). The approval being sought under Resolution 10 will cease to be valid on the earlier of either of the following events occurring:

- the time and date of the Company's next AGM if it is held prior to 24 May 2023; or

- if ordinary Shareholders approve a transaction under ASX Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking) prior to 24 May 2023.

**b) Minimum Issue Price**

The minimum price at which the equity securities issued for cash consideration per security, must be not less than 75% of the volume weighted average market price (**VWAP**) of equity securities in the same class calculated over the 15 trading days on which trades are recorded immediately before:

- the date on which the price at which the equity securities are to be issued is agreed by the Company and the recipient of the securities; or
- if the equity securities are not issued within 10 Trading Days of the date in the paragraph above, the date on which the equity securities are issued.

**c) Risk of economic and voting dilution**

If Resolution 10 is approved by Shareholders and the Company issues equity securities under the additional 10% placement capacity, the existing ordinary Shareholders face the risk of economic and voting dilution as a result of the issue of equity securities which are the subject of this Resolution, to the extent that such equity securities are issued, including the risk that:

- the market price for the Company's equity securities may be significantly lower on the date of issue of the equity securities than on the date of this approval is being sought; and
- the equity securities may be issued at a price that is at a discount to the market price for the Company's equity securities on the issue date,

which may have an effect on the amount of funds raised by the issue of the equity securities.

There were no equity securities issued during the year as part of the 15% placement capacity under ASX Listing Rule 7.1 and PNGX Listing Rule 7.1 and also, there were no equity securities issued during the year as part of the additional 10% placement capacity under ASX Listing Rule 7.1A.

The following table shows:

- examples of possible dilution of existing Shareholders, on the basis of the closing market price of **\$0.90** per share on 20 April 2022 and the current number of fully paid ordinary shares on issue of **286,935,900** as at the date of this Notice, pursuant to the definition of variable "A" under ASX Listing Rule 7.1A.2;
- two examples where variable "A" has increased by 50% and 100%. Variable "A" is based on the number of fully paid ordinary securities the Company has on issue. The number of fully paid ordinary securities on issue may increase as a result of issues of fully paid ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under ASX Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
- two examples of where the issue price of ordinary securities has decreased by 50% and increased by 100% as against the current market price.

Variable A in Listing Rule 7.1A			Dilution		
			\$0.45	\$0.90	\$1.80
			50% decrease in Issue Price	Issue Price	100% increase in Issue Price
	Current issued capital (Variable A)  286,935,900  Shares	Shares issued under LR 7.1A	28,693,590	28,693,590	28,693,590
		Voting dilution	10%	10%	10%
		Funds raised	\$12,912,116	\$25,824,231	\$51,648,462
	50% increase in Variable A  430,403,850  Shares	Shares issued under LR 7.1A	43,040,385	43,040,385	43,040,385
		Voting dilution	10%	10%	10%
		Funds raised	\$19,368,173	\$38,736,347	\$77,472,693
	100% increase in Variable A  573,871,800  Shares	Shares issued under LR 7.1A	57,387,180	57,387,180	57,387,180
		Voting dilution	10%	10%	10%
		Funds raised	\$25,824,231	\$51,648,462	\$103,296,924

The table has been prepared on the following assumptions:

- all shares have been issued;
- the Company issues the maximum number of equity securities available under the additional 10% placement capacity;
- 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%;
- the table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the additional 10% placement capacity, based on that Shareholder's holding at the date of the AGM;
- the table shows only the effect of issues of equity securities under ASX Listing Rule 7.1A, not under the 15% placement capacity under ASX Listing Rule 7.1 and PNGX Listing Rule 7.1; and
- the issue of equity securities under the additional 10% placement capacity consists only of shares.

**d) Expiry of approval**

The Company will only issue the equity securities during the 10% Placement Period detailed in paragraph (a) above.

**e) Purpose for which new equity securities may be issued**

The Company may seek to issue the equity securities for cash consideration, and in such circumstances, the Company intends to use the funds raised towards an acquisition of new assets or investments (including expenses associated with such acquisition), continued development of the Company's current assets and/or general working capital; or

The Company will comply with the disclosure obligations under ASX Listing Rule 7.1A.4 upon issue of any equity securities under ASX Listing Rule 7.1A.

In the event Resolution 10 is approved, when the Company issues equity securities pursuant to the additional 10% placement capacity, it will give to the ASX:

- a list of allottees of the equity securities and the number of equity securities allotted to each (not for release to the market), in accordance with ASX Listing Rule 7.1A.4; and
- the information required by ASX Listing Rule 7.1A.4 for release to the market.

**f) Allocation policy**

Allocations will be made by the Company dependent on the prevailing market conditions at the time of any proposed issue pursuant to the additional 10% placement capacity. Allocations will be made considering, amongst other factors, the following:

- the time frame over which the Company will make placements under the approval;
- any specific intentions in relation to parties that it may approach to participate in a placement of equity securities;
- whether the Company will offer securities to existing security holders or any class or group of existing holders; and
- whether the securities will be offered exclusively to new investors who have not previously been security holders in the Company.

The identity of the allottees of equity securities will be determined on a case-by-case basis having regard to the factors including, but not limited to, the following:

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

The allottees under this facility have not been determined as at the date of this Notice of Meeting but may include new or existing Shareholders who are not related parties or associates of a related party of the Company.

**g) Detail of new issues under Listing Rule 7.1A for previous year**

No equity securities have been issued under ASX Listing Rule 7.1A2 during the last 12 months, details of which are required to be disclosed under ASX Listing Rule 7.3A.6.

**h) Voting Exclusion Statement**

A Voting Exclusion Statement is set out under Resolution 10 in the Notice of Meeting.

***The Directors unanimously recommend Shareholders vote in favour of this Resolution.***

## ANNEXURE A

# Kina Securities Limited

## Constitution

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## Division I – General

### 1 Constitution

This is the Constitution of Kina Securities Limited, a public listed company limited by shares.

### 2 Definitions and Interpretation

2.1 In this Constitution, unless the context requires otherwise:

**Act** means the *Companies Act* 1997 of the Independent State of Papua New Guinea as amended from time to time and includes the *Companies Regulation* 1998 and Companies (Amendment) Act 2014.

**ASX Settlement** means ASX Settlement Pty Ltd (ABN 49 008 504 532).

**ASX Settlement Operating Rules** means the operating rules of ASX Settlement or of any relevant organisation which is an alternative or successor to, or replacement of, ASX Settlement or of any applicable CS-clearing and settlement facility licensee.

**ASX** means ASX Limited or the financial market operated by ASX Limited, as the context requires.

**ASX Rules** means the listing rules of ASX and any other rules of ASX or its subsidiaries which are applicable while the Company is admitted to the official list of ASX, each as amended or replaced from time to time, except to the extent of any express waiver or modification relevant to the Company.

**board** in relation to the Company has the meaning given to it by section 108 of the Act.

**business day:**

- (a) if the Company is Listed, has the meaning given in the POMSoXPNGX Rules; and
- (b) otherwise, means a day on which banks are open for normal banking business in Port Moresby.

**Business Rules** means the Business Rules of the POMSoXPNGX and any other business rules that, if the Company is admitted to the official list of POMSoXPNGX, are applicable to or in relation to the Company.

**call** includes any instalment of a call and any amount due on issue or allotment of any share.

**Committee** means a Committee to which powers have been delegated by the board under Article 90.

**Company** means Kina Securities Limited, as its name may be changed from time to time.

**Constitution** means this Constitution.

**Director** means a person appointed to, or holding, the office of director of the Company in accordance with the Act or this Constitution and where appropriate includes an alternate Director.

**distribution** has the meaning given to it in section 2(1) of the Act.

**Joint Holders** means two or more persons holding any share, whatever their interest may be in that share.

**dividend** has the meaning given to it in section 51(1) of the Act.

**Listed** means admitted to the official list of either, or both of, ~~POMSoXPNGX~~ or ASX.

**interest group** has the meaning given to it by section 97(1) of the Act.

**Office** means the registered office of the Company

**person** and words importing persons include partnerships, associations and corporations, unincorporated and incorporated by Ordinance, Act of Parliament or registration as well as individuals.

**~~PNGX POMSoX~~** means ~~Port Moresby Stock Exchange~~ PNGX Markets Limited or the financial market operated by ~~Port Moresby Stock Exchange~~ PNGX Markets Limited, as the context requires.;

**~~POMSoXPNGX~~ Rules** means the listing rules of ~~POMSoXPNGX~~ and any other rules of ~~POMSoXPNGX~~ or its subsidiaries which are applicable while the Company is admitted to the official list of ~~POMSoXPNGX~~, each as amended or replaced from time to time, except to the extent of any express waiver or modification relevant to the Company.

**Register** means the share register of the Company required to be kept under section 67 of the Act, and if the Company is Listed, includes any additional share register permitted to be kept under section 68 of the Act.

**registered address** means the address of a shareholder specified on a transfer or any other address of which the shareholder notifies the Company as a place at which the shareholder is willing to accept service of notices.

**Seal** means the common seal of the Company.

**Secretary** means a person appointed as, or to perform the duties of, Secretary of the Company, if any person is so appointed.

**securities** includes shares, stock, rights to shares or stock, options to acquire shares or stock and other securities with rights of conversion to equity and debentures, debenture stock, notes and other obligations of the Company.

**share** means a share in the capital of the Company.

**shareholder** means a person whose name is entered on the Register as the holder for the time being of one or more shares in the Company.

**shareholder present** means a shareholder present at a meeting of shareholders in person or by duly appointed representative, proxy or attorney.

**special resolution** has the meaning given to it by section 2(1) of the Act.

**Uncertificated Transfer System** means any system operated under the ASX Rules and/or the ~~POMSoXPNGX~~ Rules and Business Rules for the transfer of or the settlement of transactions affecting securities in uncertificated form and includes CHESS ~~as defined in the POMSoXPNGX Rules~~.

2.2 The following rules of interpretation apply unless the context requires otherwise:

- (a) Headings are for convenience only and do not affect interpretation.
- (b) A gender includes all genders.
- (c) The singular includes the plural and conversely.
- (d) Where a word or phrase is defined, its other grammatical forms have a corresponding meaning.
- (e) A reference to an **Article or Division** is a reference to an article or division of this Constitution.
- (f) A reference to any legislation (including the Act) or to any provision of any legislation includes any modification, replacement or re-enactment of it, any legislative provision substituted for it, and all regulations and statutory instruments issued under it.
- (g) A reference to an agreement or document (including a reference to this Constitution, the ASX Rules, the ~~POMSoXPNGX~~ Rules or the Business Rules) is to the agreement or document as validly amended, varied, supplemented, novated or replaced from time to time.
- (h) A reference to **writing** includes a facsimile transmission and any means of reproducing words in a tangible and permanently visible form.
- (i) Words, phrases and expressions used in a provision of this Constitution which relates to a particular provision of the Act, PNGX Rules or ASX Rules, have the same meaning as in that provision of the Act, PNGX Rules or ASX Rules (as applicable). An expression in an Article that is used in the Act has the same meaning in this Constitution as in the Act.
- (j) A reference to a **paragraph** is to a paragraph of the Article in which the paragraph appears.
- (k) A mention of anything after include, includes or including does not limit what else might be included.

### 3 Commencement

- 3.1 This Constitution is adopted with effect on and from the time of the passing of a special resolution adopting this Constitution under section 33 of the Act and supersedes any constitution of the Company in force immediately before that time.
- 3.2 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.

### 4 The relationship between this Constitution and the rules of ASX and ~~POMSoXPNGX~~ Company must comply with listing rules of exchange while listed

- 4.1 For so long as the Company is Listed the following paragraphs apply.
  - (a) Notwithstanding anything contained in this Constitution, if the ASX Rules or the ~~POMSoXPNGX~~ Rules prohibit an act being done, the act must not be done.

- (b) Nothing contained in this Constitution prevents an act being done that the ASX Rules or the ~~POMSeXPNGX~~ require to be done.
- (c) If the ASX Rules or the ~~POMSeXPNGX~~ 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 ASX Rules or the ~~POMSeXPNGX~~ 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 ASX Rules or the ~~POMSeXPNGX~~ 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 ASX Rules or the ~~POMSeXPNGX~~ Rules, this Constitution is deemed not to contain that provision to the extent of the inconsistency.
- (g) If the Company is admitted to the official list of both ASX and ~~POMSeXPNGX~~, to the extent of any inconsistency in the requirements of the ASX Rules and the ~~POMSeXPNGX~~ Rules in respect of the matters such that both the ASX Rules and the ~~POMSeXPNGX~~ Rules cannot be complied with, the above shall be interpreted such that the ASX Rules shall prevail.

## Division II – Shares

### 5 Power of board to issue securities

- 5.1 Without prejudice to any special rights conferred on the holders of any shares, options or other securities, subject to the Act, the ~~POMSeXPNGX~~ Rules, the ASX Rules and this Constitution:
  - (a) the board may authorise the issue of shares, or options over shares, and other securities, at any time, to any person, and in any number that it thinks fit; and
  - (b) any such shares, options or other securities may be issued with such preferred, deferred or other special rights, obligations or restrictions, whether in regard to dividends, voting, return of share capital, payment of calls or otherwise, as the board may determine and on any terms that the board considers appropriate.
- 5.2 Without limitation, the board may authorise the issue of shares that are redeemable by the Company at the option of the Company, at the option of the holder of the shares or on a specified date.
- 5.3 The requirements of section 45 of the Act do not apply to the issue or proposed issue of any shares authorised by the board.
- 5.4 The board must decide the consideration for which shares, options or other securities are to be issued, in accordance with the Act.

5.5 The Company may pay brokerage or commission on the issue of shares or other securities.

### 6 Issue of shares not to affect class rights

- 6.1 Subject to this Constitution and the terms of issue of existing shares already issued, the board may, and is expressly permitted to, issue shares which rank equally with, or in priority to, existing shares already issued, whether as to voting rights or distributions or otherwise, generally and for the purposes of section 98(3) of the Act.

6.2 The rights conferred on the holders of shares of any class, whether issued as ordinary shares or with preferred or other special rights, will not, unless otherwise expressly provided in this Constitution or the terms of issue of the shares of that class, be taken to be varied, abrogated or otherwise affected by the issue of further shares ranking equally with or in priority to those shares.

## **7 Additional share register**

If the Company is Listed, the Register may be divided into two or more registers kept in different places.

## **8 Surrender of shares**

In its discretion, the board may accept a surrender of shares by way of compromise of any question as to whether or not those shares have been validly issued or in any other case where the surrender is within the powers of the Company. Any shares surrendered may be sold or

re-issued in the same manner as forfeited shares.

## **9 Joint ~~H~~holders**

Where ~~two or more persons~~ Joint Holders are registered as the holders of any shares, they will be taken to hold the shares as joint tenants with benefits of survivorship subject to the following provisions:

- (a) **(number of holders)** the Company is not bound to register more than ~~three-four~~ persons as ~~the holders of the shares~~ Joint Holders (except in the case of trustees, executors or administrators of a deceased shareholder);
- (b) **(liability for payments)** the ~~J~~oint ~~H~~holders ~~of the shares~~ are liable severally as well as jointly in respect of all payments which ought to be made in respect of the shares;
- (c) **(death of ~~J~~oint ~~H~~holder)** on the death of any one of the ~~J~~oint ~~H~~holders, the survivor is the only person recognised by the Company as having any title to the shares but the board may require evidence of death;
- (d) **(power to give receipt)** any one of the ~~J~~oint ~~H~~holders may give a receipt for any dividend or distribution payable to the ~~J~~oint ~~H~~holders.

## **10 Non-recognition of equitable or other interests**

Except as otherwise provided in this Constitution, as ordered by a Court or required by statute or the ~~POMSeX~~ PNGX Rules or ASX Rules, the Company is entitled to treat the person registered in the Register as the holder of any share as the absolute owner of the share and is not bound to recognise (even when having notice) any equitable or other claim to or interest in the share on the part of any other person.

## **Division III – Share Certificates**



## **11 When certificates not required**

If the Company is Listed, it need not issue any certificate for any share to the extent that it is not required to do so under:

- (a) the ~~POMS~~XPNGX Rules or ASX Rules; and
- (b) an exemption that is in force under section 77 of the Act,

and the Company may cancel any certificate that has previously been issued without issuing a substitute or new certificate.

## **12 Entitlement to and issue of certificates**

- 12.1 Subject to Article 11, every shareholder in the Register is entitled without payment to receive a certificate for the shareholder's shares. The Company may issue a single certificate, or several certificates each for a part of the shareholder's shares, at the discretion of the board.
- 12.2 The Company is not bound to issue more than one certificate in respect of a share or shares held jointly by several persons.
- 12.3 Delivery of a certificate for a share to one of several ~~J~~joint ~~H~~holders is sufficient delivery to all of the ~~J~~joint ~~H~~holders.
- 12.4 Subject to Division XVII and the Act, share certificates are to be issued under the Seal in any form prescribed by or acceptable to the board and are to be signed in any manner determined by the board.

## **13 Renewal and replacement of certificates**

- 13.1 Where a certificate is worn out or defaced, then, on production of the certificate to the Company, the board may order it to be cancelled and may issue a new certificate.
- 13.2 Where a certificate is lost, stolen or destroyed, then, on an application under and in accordance with the Act together with payment of a fee determined by the board in accordance with the Act, anew certificate may be issued instead of the lost, stolen or destroyed certificate. A certificate issued to replace a certificate which has been lost, stolen or destroyed may be endorsed as having been issued instead of a lost, stolen or destroyed certificate.

## **Division IV –Calls**

### **14 Power to make calls**

Subject to the terms on which any shares may have been issued, the board may make calls on the shareholders in respect of all money unpaid on their shares. Each shareholder is liable to pay the amount of each call in the manner, at the time and at the place specified by the board. Calls may be made payable by instalments.

### **15 Differentiation between holders**

The board may differentiate on the issue of shares between the holders of those shares in the amount of calls to be paid and the time of payment of the calls.

### **16 When a call is made**

A call will be taken to have been made at the time when the resolution of the board authorising the call was passed or as specified in that resolution. The call may be revoked or postponed at the discretion of the board at any time before the date on which payment in respect of the call is due.

**17 Interest on the late payment of calls**

If any sum payable in respect of a call is not paid on or before the date for payment, the shareholder from whom the sum is due is to pay interest on the unpaid amount from the due date to the date of payment at the rate the board determines. The board may waive the whole or part of any interest paid or payable under this Article.

**18 Instalments**

If, by the terms of an issue of shares, any amount is payable in respect of any shares by instalments, every instalment is payable as if it is a call duly made by the board of which due notice had been given, and all provisions of this Constitution with respect to the payment of calls and of interest or to the forfeiture of shares for non-payment of calls or with respect to liens or charges apply to the instalment and to the shares in respect of which it is payable.

**19 Payment in advance of calls**

If the board thinks fit it may receive from any shareholder all or any part of the money unpaid on all or any of the shares held by that shareholder beyond the sums actually called up and then due and payable either as a loan repayable or as a payment in advance of calls. The Company may pay interest on the money advanced at the rate and on the terms agreed by the board and the shareholder paying the sum in advance.

**20 Non-receipt of notice of call**

The non-receipt of a notice of any call by, or the accidental omission to give notice of any call to, any shareholder does not invalidate the call.

**Division V – Forfeiture and Lien**

**21 Notice requiring payment of sums payable**

If any shareholder fails to pay any sum payable in respect of any shares, either for the consideration for the issue, calls or instalments, on or before the day for payment, the board may, at any time after the day specified for payment whilst any part of the sum remains unpaid, serve a notice on the shareholder requiring that shareholder to pay the sum together with interest accrued and all expenses incurred by the Company by reason of the non-payment.

**22 Time and place for payment**

The notice referred to in Article 21 is to name a day on or before which the sum, interest and expenses (if any) are to be paid and the place where payment is to be made. The notice is also to state that, if there is non-payment at or before the time and at the place specified, the shares in respect of which the sum is payable are liable to be forfeited.

**23 Forfeiture on non-compliance with notice**

If there is non-compliance with the requirements of any notice given under Article 21, any shares in respect of which notice has been given may, at any time after the day specified in the notice for

payment whilst any part of the consideration for the issue, calls, instalments, interest and expenses (if any) remains unpaid, be forfeited by a resolution of the board to that effect. The forfeiture is to include all dividends, distributions, interest and other money payable by the Company in respect of the forfeited shares and not actually paid before the forfeiture.

**24 Notice of forfeiture**

When any share is forfeited, notice of the resolution of the board must be given to the shareholder in whose name it stood immediately before the forfeiture, and an entry of the forfeiture and the date of forfeiture must be made in the Register. Failure to give notice or make the entry as required by this Article does not invalidate the forfeiture.

**25 Disposal of forfeited shares**

Any forfeited share will be taken to be the property of the Company and the board may sell or otherwise dispose of or deal with the share in any manner it thinks fit and with or without any money paid on the share by any former holder being credited as paid up.

**26 Annulment of forfeiture**

The board may, at any time before any forfeited share is sold or otherwise disposed of, annul the forfeiture of the share on any condition it thinks fit.

**27 Liability despite forfeiture**

Any shareholder whose shares have been forfeited is, despite the forfeiture, liable to pay and is obliged forthwith to pay to the Company all sums of money, interest and expenses owing on or in respect of the forfeited shares at the time of forfeiture, together with expenses and interest from that time until payment at the rate the board determines. The board may enforce the payment or waive the whole or part of any sum paid or payable under this Article as it thinks fit.

**28 Company's lien or charge**

The Company has a first and paramount lien or charge for unpaid calls, instalments, interest due in relation to any calls or instalments and any amounts the Company is called on by law to pay in respect of the shares of a shareholder on shares registered in the name of the

shareholder in respect of which the calls, instalments and interest are due and unpaid (whether then payable or not) or in respect of which the amounts are paid and on the proceeds of sale of the shares. The lien or charge extends to all dividends and distributions authorised by the board in respect of the shares but, if the Company registers a transfer of any shares on which it has a lien or charge without giving the transferee notice of any claim it may have at that time, the shares are freed and discharged from the lien or charge of the Company in respect of that claim.

**29 Retention of dividends**

The board may retain any dividends in respect of which (or in respect of the shares on which the dividend is payable) the Company has a lien or charge under Article 28 and may apply any retained dividends towards satisfaction of the calls, instalments or sums owing in respect of which the lien or charge exists.

**30 Sale of shares to enforce lien**

For the purpose of enforcing a lien or charge, the board may sell the shares which are subject to the lien or charge in any manner it thinks fit and with or without giving any notice to the shareholder in whose name the shares are registered.

### **31 Title to shares forfeited or sold to enforce lien**

- 31.1 In a sale or a re-issue of forfeited shares or in the sale of shares to enforce a lien or charge, an entry in the board's minute book that the shares have been forfeited, sold or re-issued in accordance with this Constitution is sufficient evidence of that fact as against all persons entitled to the shares immediately before the forfeiture, sale or re-issue of the shares. The Company may receive the purchase money or consideration (if any) given for the shares on any sale or re-issue.
- 31.2 In a re-issue, a certificate signed by a Director or the Secretary to the effect that the shares have been forfeited and the receipt of the Company for the price of the shares constitutes a good title to them.
- 31.3 In a sale, the Company may appoint a person to execute a transfer in favour of the person to whom the shares are sold.
- 31.4 On the issue of the receipt or the execution of the transfer the person to whom the shares have been re-issued or sold is to be registered as the holder of the shares, discharged from all calls or other money due in respect of the shares before the re-issue or purchase and the person is not bound to see to the regularity of the proceedings or to the application of the purchase money or consideration. The person's title to the shares is not affected by any irregularity or invalidity in the proceedings relating to the forfeiture, sale or re-issue.
- 31.5 The net proceeds of any sale or re-issue are to be applied first in payment of all costs of or in relation to the enforcement of the lien or charge or the forfeiture (as the case may be) and of the sale or re-issue, next in satisfaction of the amount in respect of which the lien or charge exists as is then payable to the Company (including interest) or the amount in respect of the forfeited shares then payable to the Company (including interest) (as the case may be) and the residue (if any) paid to, or at the direction of, the person registered as the holder of the shares immediately before the sale or re-issue or to the person's executors, administrators or assigns on the production of any evidence as to title required by the board.

31.6 If a certificate for the shares is not produced to the Company, the board may issue a new certificate distinguishing it from the certificate which was not produced.

## **Division VI – Payments by the Company**

### **32 Payments by the Company**

If any law of any place imposes or purports to impose 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 securities held either jointly or solely by any holder or in respect of any transfer of those securities or in respect of any interest, dividends, distributions or other money due or payable or accruing due or which may become due or payable to the holder by the Company on or in respect of any securities or for or on account or in respect of any holder of securities, whether because of:

- (a) the death of the holder;
- (b) the non-payment of any income tax or other tax by the holder;

- (c) the non-payment of any estate, probate, succession, death, stamp or other duty by the holder or the trustee, executor or administrator of that holder or by or out of the holder's estate;
- (d) any assessment of income tax against the Company in respect of interest or dividends paid or payable to the holder; or
- (e) any other act or thing, the Company in each case:
  - (i) is to be fully indemnified from all liability by the holder or the holder's trustee, executor or administrator and by any person who becomes registered as the holder of the securities on the distribution of the deceased holder's estate;
  - (ii) has a lien or charge on the securities for all money paid by the Company in respect of the securities because of any law;
  - (iii) has a lien on all dividends, distributions and other money payable in respect of the securities registered in the Register as held either jointly or solely by the holder for all money paid or payable by the Company in respect of the securities because of any law, together with interest at a rate the board may determine from the date of payment to the date of repayment, and may deduct or set off against any dividend, distribution or other money payable any money paid or payable by the Company together with interest;
  - (iv) may recover as a debt due from the holder or the holder's trustee, executor or administrator, or any person who becomes registered as the holder of the securities on the distribution of the deceased holder's estate, any money paid by the Company because of any law which exceeds any dividend, distribution or other money then due or payable by the Company to the holder together with interest at a rate the board may determine from the date of payment to the date of repayment; and
  - (v) may, if any money is paid or payable by the Company under any law, refuse to register a transfer of any securities by the holder or the holder's trustee, executor or administrator until the money and interest is set off or deducted or, in case the money and interest exceeds the amount of any dividend, distribution or other money then due or payable by the Company to the holder, until the excess is paid to the Company.

Nothing in this Article prejudices or affects any right or remedy which any law confers on the Company, and, as between the Company and each holder, each holder's trustee, executor, administrator and estate, any right or remedy which the law confers on the Company is enforceable by the Company.

## **Division VII – Transfer and Transmission of Securities**

### **33 Transfers**

33.1 A transfer of any securities may be effected:

- (a) if the Company is Listed, by a transfer under and in accordance with any system (whether electronic or paper based or a combination of both) recognised or prescribed by the ASX Rules, ~~POMSeXPNGX~~ Rules and/or the Business Rules to the extent permitted by an exemption that is in force under section 77 of the Act; and

- (b) otherwise, by a proper instrument of transfer in writing in the usual or common form or in any form that the board may prescribe or in a particular case accept, signed by both the transferee and transferor and duly stamped (if necessary) being delivered to the Company.

33.2 If the Company is Listed:

- (a) the board may take such action as it thinks fit to comply with the ASX Rules, ~~POMSoXPNGX~~ Rules and/or the Business Rules and may, in its discretion, ask the ASX or ~~POMSoXPNGX~~, as applicable, to apply a holding lock to prevent a transfer of securities in any circumstances in which a holding lock is permitted by the ASX Rules, ~~POMSoXPNGX~~ Rules and/or the Business Rules; and
- (b) the Company and the board may do anything necessary or desirable to facilitate participation by the Company in any Uncertificated Transfer System.

**34 Board may refuse or delay registration**

34.1 The board in its discretion may, and is expressly permitted to, to refuse or delay the registration of any transfer of securities:

- (a) if required by law;
- (b) if the registration of the transfer would result in a contravention of or failure to observe the provisions of any applicable law (including the Act), the ASX Rules, the ~~POMSoXPNGX~~ Rules or the Business Rules;
- (c) on which the Company has a lien or that are subject to forfeiture; or
- (d) if permitted to do so under the Act, the ASX Rules, the ~~POMSoXPNGX~~ Rules and/or the Business Rules.

None of the subparagraphs in this paragraph will be taken to limit any other subparagraph.

34.2 Where the board resolves to refuse or delay registration of any transfer of securities, the Company must notify the transferor and the transferee of the resolution in accordance with the Act and, if the Company is Listed, the listing rules of the relevant exchange.

**35 When transfereffective**

The transferor will be taken to remain the holder of the securities transferred until:

- (a) the name of the transferee is entered in the Register (in the case of shares) or the relevant register of the holders of such securities kept by the Company( in the case of other securities); or
- (b) to the extent provided otherwise by the ASX Rules, ~~POMSoXPNGX~~ Rules and/or the Business Rules in relation to a transfer effected as contemplated by Article 33.1(a), as so provided.

**36 Closing registers and suspension of transfers**

36.1 To the extent permitted by law (and particularly the Act), the ASX Rules, ~~POMSoXPNGX~~ Rules and the Business Rules, the Register, and any other register in respect of securities kept by the Company, may be closed at any time the board determines.

- 36.2 Subject to paragraph (3), the ASX Rules, the ~~POMS~~~~XPNGX~~ Rules and the Business Rules, the registration of transfers of securities may be suspended at any time and for any period as the board from time to time determines.
- 36.3 The total period of suspensions under paragraph (2) may not exceed in aggregate 30 days in any calendar year.

### **37 Instrument of transfer and certificate etc to be left at Office**

- 37.1 This Article applies only in respect of a transfer that is to be effected as contemplated by Article 33.1(b).
- 37.2 Every instrument of transfer must be left for registration at the Office or any other place the board determines.
- 37.3 The instrument of transfer is to be accompanied by the certificate for the securities to be transferred, or if the transfer is not accompanied by the certificate, the transfer must be accompanied by evidence as to its loss or destruction together with, unless the board otherwise determines either generally or in a particular case, an indemnity in such form as is determined by the board.
- 37.4 In addition, the instrument of transfer is to be accompanied by any other evidence that the board may require to prove the title of the transferor, the transferor's right to transfer the securities, proper execution of the transfer or compliance with the provisions of any law relating to stamp duty.

### **38 Transfer of part only of securities specified in a certificate**

If the registration of any transfer is required in respect of some only of the securities specified:

- (a) in the certificate (if any) that; or
- (b) in a lost or destroyed certificate of which evidence,

accompanies the instrument of transfer left for registration under Article 37, and the transfer is registered, a new certificate specifying the remaining securities is to be issued and sent to the transferor in addition to any certificate required to be issued to the transferee.

### **39 Transmission on death**

The trustee, executor or administrator of a deceased holder of any securities (who is not one of several ~~J~~joint ~~H~~holders) is the only person recognised by the Company as having any title to securities registered in the name of the deceased holder but the board may, subject to compliance by the transferee with this Constitution, register any transfer signed by a holder of securities before the holder's death despite the Company having notice of the holder's death.

### **40 Transmission by operation of law**

A person (a transmittee) who establishes to the satisfaction of the board that the right to any securities has devolved on the transmittee by will or by operation of law may be registered as a holder in respect of the securities or may (subject to the provisions in this Constitution relating to transfers) transfer the securities. However, the board has the same right to refuse to register the transmittee as if the transmittee was the transferee named in an ordinary transfer presented for registration.



**41 Retention of dividend**

The board may retain any dividends payable on securities referred to in Articles 39 and 40 until the trustee, executor or administrator or the transmittee (as the case requires) becomes registered as the holder of the securities or transfers them.

**Division VIII – Alteration of Capital**

**42 Power to alter share capital**

Subject to the ~~POMS~~~~o~~~~x~~~~PNGX~~ Rules and ASX Rules, the Company in general meeting may alter its share capital in any manner provided for or permitted by the Act.

**43 Board may give effect to alteration of share capital**

Subject to the ~~POMS~~~~o~~~~x~~~~PNGX~~ Rules and the ASX Rules, the board may do anything that is required to give effect to any resolution authorising an alteration of the share capital of the Company and, without limitation, may make provision for the issue of fractional certificates or sale of fractions of shares and distribution of net proceeds as it thinks fit.

**44 Company's authority to acquire its own shares**

Subject to the ~~POMS~~~~o~~~~x~~~~PNGX~~ Rules and the ASX Rules, the Company is authorised to purchase or otherwise acquire its own shares for the purposes of section 57(1) of the Act.

**Division IX – Meetings of Shareholders**

**45 Modification of Schedule 2 of the Act**

Schedule 2 of the Act is negated and modified as provided in this Division of this Constitution, but otherwise governs proceedings at meetings of shareholders in accordance with section 105 of the Act.

**46 Special Meetings**

Any Director is authorised under section 102(a)(ii) of the Act to call a special meeting of shareholders whenever the Director thinks fit, in addition to any other person entitled or required under the Act to call a special meeting of shareholders.

**47 Notice of Meeting**

Clause 2 of Schedule 2 of the Act applies.

**48 Quorum and adjournment in absence of quorum**

48.1 Clause 4(1) of Schedule 2 of the Act applies.

48.2 Clause 4(2) of Schedule 2 of the Act does not apply. If the Company has, or an interest group comprises, only one shareholder, one shareholder present constitutes a quorum for a meeting. If the Company has, or an interest group comprises, more than one shareholder:

(a) and the Company is Listed:

(i) in the case of an interest group that comprises only two shareholders, two shareholders present; and

(ii) otherwise, three shareholders present,  
constitute a quorum for a meeting; and

(b) otherwise, two shareholders present constitute a quorum for a meeting.

48.3 Clause 4(3) of Schedule 2 of the Act applies, except that where at the adjourned meeting a quorum is not present within 30 minutes after the time appointed for the meeting, the meeting is dissolved.

## 49 Meetings by telephone and other means of communication

49.1 ~~Without limitation to~~ Clause 3(b) of Schedule 2 of the Act ~~does not apply.~~ A meeting of shareholders may be held ~~by telephone or by other means of communication~~ using one or more technologies that give the shareholders as a whole a reasonable opportunity to participate without being physically present in the same place. If a general meeting is held in such a manner, the following will apply:

(a) all persons so participating in the meeting are taken for all purposes (including for the purpose of any quorum requirement) to be present at the meeting while so participating;

(b) a vote taken at the meeting must be taken on a poll, and not a show of hands, by using one or more technologies to give each person entitled to vote the opportunity to participate in the vote;

(c) a requirement to allow an opportunity for persons attending the meeting to speak may be complied with by using one or more technologies that allow that opportunity;

(d) a reference in this constitution to the 'place' of the general meeting will include, as the context requires, the online or other technological place or places at which the general meeting was held or appointed to be held;

(e) if, before or during a meeting held in accordance with this rule, any technical difficulty occurs which may materially impact the participation of shareholders who are not physically present in the same place, the Chairman may:

(i) postpone or adjourn the meeting until the difficulty is remedied; or

(ii) where the quorum remains present (including those persons participating in the meeting using technology as contemplated by Article 49.1(a)) and able to participate, continue to hold the meeting, and no shareholder may object to the meeting being held or continuing; and

(f) the inability of one or more shareholders to access, or continue to access, the meeting using technological means will not affect the validity of a meeting or any business conducted at a meeting, provided the quorum remains present (including those persons participating in the meeting using technology as contemplated by Article 49.1(a)) and able to participate, by which all persons participating in the meeting and constituting a quorum are able to hear and be heard by all other participants.

49.2 A meeting conducted by telephone or other means of communication (including under Clause 3(b) of Schedule 2 of the Act) will be taken to be held at the place agreed on by the shareholders attending the meeting if at least one of the shareholders present at the meeting was at that place for the duration of the meeting.

## 50 Chairman

50.1 Clauses 1(1) and (2) of Schedule 2 of the Act do not apply.

50.2 If the board has elected a Chairman of the board that person is entitled to preside as chairman at every general meeting.

50.3 If at any general meeting:

- (a) there is no Chairman of the board;
- (b) the Chairman of the board is not present at the specified time for holding the meeting; or
- (c) the Chairman of the board is present but is unwilling to act as chairman of the meeting,

a Director or Directors present may choose another Director as chairman of the meeting and if no Director is present or if each of the Directors present is unwilling to act as chairman of the meeting, a shareholder chosen by the shareholders present may take the chair at the meeting.

50.4 If during any general meeting the chairman acting under this Article 50 is unwilling or unable to be the chairman of the meeting for any part of the proceedings, the chairman of the meeting may withdraw during the relevant part of the proceedings and may nominate any person present at the meeting who immediately before the meeting was a Director or who has been nominated for election as a Director at the meeting to be the acting chairman of the meeting during the relevant part of the proceedings, and at the conclusion of the relevant part of the proceedings the acting chairman of the meeting is to withdraw and the chairman of the meeting is to resume being chairman of the meeting.

50.5 Where an instrument of proxy appoints the chairman of the general meeting as proxy for the part of the proceedings for which an acting chairman of the meeting has been nominated, the instrument of proxy is taken to be in favour of the acting chairman of the meeting for the relevant part of the proceedings.

## **51 Voting**

51.1 Subject to paragraph (2), Clause 5 of Schedule 2 of the Act applies.

51.2 Clause 5(7) of Schedule 2 of the Act does not apply. In the case of an equality of votes, the chairman of the meeting has, whether by voice, on a show of hands or at a poll, a casting vote in addition to the vote or votes to which the chairman may be entitled as a shareholder or as a proxy, attorney or duly appointed representative of a shareholder, unless the chairman is excluded from voting under the ~~POMSeXPNGX~~ Rules or the ASX Rules or for some other reason in which case the chairman does not have a casting vote.

## **52 Additional provisions**

The following Articles of this Division, and Division X, apply to the extent they are not inconsistent with Schedule 2 of the Act as negated or modified by the previous Articles of this Division.

## **53 General conduct of meeting**

53.1 The general conduct of each general meeting of shareholders and the procedures to be adopted at the meeting are as determined at, during or before the meeting by the chairman of the meeting.

53.2 The chairman may make rulings without putting the question (or any question) to the vote if the chairman considers action is required to ensure the orderly conduct of the meeting.

53.3 The chairman may require the adoption of any procedures that are in the chairman's opinion necessary or desirable for the proper and orderly casting or recording of votes at any general

meeting of shareholders, whether on a show of hands or on a poll.

- 53.4 The chairman or a person acting with the chairman's authority may require any person who wishes to attend the meeting to comply with searches, restrictions or other security arrangements the chairman or a person acting with the chairman's authority considers appropriate. The chairman or a person acting with the chairman's authority may refuse entry to any person who does not comply with the arrangements, any person who possesses a recording or broadcasting device without the consent of the chairman or a person acting with the chairman's authority, or any person who possesses an article that the chairman or person acting with the chairman's authority considers to be dangerous, offensive or liable to cause disruption.
- 53.5 The chairman may at any time the chairman considers it necessary or desirable for the proper and orderly conduct of the meeting demand the cessation of debate or discussion on any business, question, motion or resolution being considered by the meeting and require the business, question, motion or resolution to be put to a vote of the shareholders present.
- 53.6 Any determination by the chairman in relation to matters of procedure (including any procedural motions moved at, or put to, any meeting) or any other matter arising directly or indirectly from the business is final (including any procedural motions moved at, or put to, any meeting). Any challenge to a right to vote (whether on a show of hands or on a poll) or to a determination to allow or disregard the vote may only be made at the meeting and may be determined by the chairman whose decision is final.
- 53.7 If a person purports to cast a vote in contravention of the Act or the ~~POMSeXPNGX~~ Rules or the ASX Rules, the chairman may determine that the vote be disregarded and treated as not having been cast.
- 53.8 Nothing contained in this rule limits the powers conferred on a chairman by law.

#### **54 Adjournment**

- 54.1 The chairman may at any time during the course of the meeting adjourn the meeting or any business, motion, question or resolution being considered or remaining to be considered by the meeting or any debate or discussion and may adjourn any business, motion, question, resolution, debate or discussion either to a later time at the same meeting or to an adjourned meeting.
- 54.2 If the chairman exercises a right of adjournment of a meeting under this Article, the chairman has the sole discretion to decide whether to seek the approval of the shareholders present to the adjournment and, unless the chairman exercises that discretion, no vote may be taken by the shareholders present in respect of the adjournment.
- 54.3 No business may be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

#### **55 Taking a poll**

- 55.1 If a poll is demanded as provided in Clause 5(4) of Schedule 2 of the Act, it is to be taken in the manner and at the time and place as the chairman of the meeting directs.
- 55.2 The result of the poll will be taken to be the resolution of the meeting at which the poll was demanded.
- 55.3 The demand for a poll may be withdrawn.

- 55.4 In the case of any dispute as to the admission or rejection of a vote, the chairman's determination in respect of the dispute made in good faith is final.
- 55.5 A demand for a poll does not prevent a meeting from continuing for the transaction of any business other than that on which the poll has been demanded.
- 55.6 A poll demanded on any question of adjournment is to be taken at the meeting and without adjournment.

## **56 Objections to qualification to vote**

- 56.1 An objection to the qualification of a person to vote may be raised only at the meeting or adjourned meeting at which the vote objected to is tendered.
- 56.2 Any objection must be referred to the chairman of the meeting, whose decision is final.
- 56.3 A vote allowed after an objection is valid for all purposes.

## **57 Special meetings and interest group meetings**

Unless the context requires otherwise, all the provisions of this Constitution as to general meetings apply (with any necessary changes) to any special meeting of shareholders, and to any meeting of an interest group, which may be held under this Constitution or the Act.

## **Division X – Votes of Shareholders**

### **58 Voting rights**

- 58.1 Subject to restrictions on voting affecting any class of shares and subject to paragraph (2) and Articles 61 and 65:
- (a) in voting by voice or on a show of hands:
    - (i) subject to paragraphs (ii) and (iii), each shareholder present has one vote;
    - (ii) where a shareholder has appointed more than one person as representative, proxy or attorney for the shareholder, none of the representatives, proxies or attorneys is entitled to vote;
    - (iii) where a person is entitled to vote because of paragraph (i) in more than one capacity, that person is entitled only to one vote; and
  - (b) on a poll, each shareholder present:
    - (i) has one vote for each fully paid share held; and
    - (ii) for each other share held, has a vote in respect of the share which carries the same proportionate value as the proportion of the amount paid up on the total issue price of that share at the time the poll is taken bears to the total issue price of the share.
- 58.2 In the case of ~~J~~joint ~~J~~holders ~~of shares~~, any one of the ~~J~~joint ~~H~~holders may vote at any meeting of shareholders either personally or by duly authorised representative, proxy or attorney, or sign a shareholders' resolution in lieu of meeting authorised by section 103 of the Act, in respect of the shares as if that ~~J~~joint ~~H~~holder was solely entitled to the shares. If more than one of the ~~J~~joint

Holders are present at any meeting personally or by duly authorised representative, proxy or attorney, or signs a shareholders' resolution, the Joint Holder who is present or who signs whose name stands first in the Register in respect of the shares is entitled alone to vote or sign the resolution in respect of the shares.

## **59 Voting rights of personal representatives, etc**

Where a person satisfies the board at least 48 hours (or a lesser period as the board may determine and stipulate in the notice of meeting) before the holding of a general meeting (unless the person has previously satisfied the board as to the person's right to vote) that the person is a trustee, executor or administrator as referred to in Article 39 or a transmittee as referred to in Article 40, the person may vote at the general meeting in the same manner as if the person were the registered holder of the securities referred to in Article 39 or 40, as the case requires.

## **60 Appointment of proxies**

- 60.1 A shareholder may appoint not more than two proxies to vote at a meeting of shareholders on that shareholder's behalf and may direct the proxy or proxies to vote either for or against each or any resolution.
- 60.2 A proxy need not be a shareholder.
- 60.3 Where a shareholder appoints two proxies, the appointment is of no effect unless each proxy is appointed to represent a specified proportion of the shareholder's voting rights.
- 60.4 The instrument appointing a proxy (and the power of attorney, if any, under which it is signed or proof of the power of attorney to the satisfaction of the board) must be deposited duly stamped (if necessary) at the Office, or any other place the board may determine, at least 48 hours (or a lesser period as the board may determine and stipulate in the notice of meeting) before the time for holding the meeting or adjourned meeting or poll at which the person named in the instrument proposes to vote. The receipt of a legible facsimile of an instrument will be taken to constitute the deposit of the instrument.
- 60.5 No instrument appointing a proxy is, except as provided in this Article, valid after the expiration of 12 months after the date of its execution.
- 60.6 A shareholder who is or who intends to be absent or resident abroad may deposit at the Office an instrument duly stamped (if necessary) appointing a proxy and the appointment is valid for all meetings during the shareholder's absence or residence abroad and until revocation. The receipt of a legible facsimile of an instrument will be taken to constitute the deposit of the instrument.

## **61 Validity of vote and where proxy is incomplete**

- 61.1 A vote given in accordance with the terms of an instrument of proxy or power of attorney is valid despite:
- (a) the previous death or unsoundness of mind of the principal;
  - (b) the revocation of the instrument; or
  - (c) the transfer of the shares in respect of which the instrument is given,
  - (d) if no notice in writing of the death, unsoundness of mind, revocation or transfer has been received at the Office at least 24 hours (or any shorter period as the board may permit)

before the commencement of the relevant meeting or adjourned meeting.

- 61.2 A proxy is not revoked by the principal attending and taking part in the meeting, unless the principal actually votes at the meeting on the resolution for which the proxy or power of attorney is proposed to be used.
- 61.3 No instrument of proxy or power of attorney is to be treated as invalid merely because:
- (a) it does not contain the address of the principal;
  - (b) it is not dated; or
  - (c) it does not contain in relation to any or all resolutions, an indication of the manner in which the proxy or attorney is to vote.
- 61.4 Where an instrument of proxy does not specify the name of a proxy, the instrument is to be taken to be given in favour of the chairman of the meeting.

## **62 Form and execution of instrument of proxy**

- 62.1 An instrument appointing a proxy must be in writing signed by the appointor or the attorney of the appointor or, if the appointor is a corporation, under its common seal or signed by a duly authorised officer and in the form which the board may prescribe or accept.
- 62.2 The instrument of proxy must state whether the appointment is for a particular meeting or a specified term not exceeding one year.
- 62.3 The instrument of proxy may specify the manner in which the proxy is to vote in respect of a particular resolution. Where it does so, the proxy may not vote on the resolution except as specified in the instrument. Otherwise, a proxy may vote as the proxy thinks fit on any motion or resolution in respect of which no manner of voting is indicated. The instrument of proxy will be taken to include the right to demand or join in demanding a poll.
- 62.4 An instrument appointing a proxy, unless the contrary is stated, is valid for any adjournment of the meeting as well as for the meeting to which it relates.
- 62.5 Any duly signed proxy which is incomplete may be completed by the Secretary or a Director on authority from the board and the board may authorise completion of the proxy by the insertion of the name of any Director as the person in whose favour the proxy is given.

## **63 Board may issue forms of proxy**

The board may issue with any notice of general meeting of shareholders or any class of shareholders forms of proxy for use by the shareholders. Each form may include the names of any of the Directors or of any other persons as suggested proxies, and may be worded so that a proxy may be directed to vote either for or against each or any of the resolutions to be proposed.

## **64 Attorneys of shareholders**

Any shareholder may, by duly executed power of attorney, appoint an attorney to act on the shareholder's behalf at all or certain specified meetings of the Company. Before the attorney is entitled to act under the power of attorney, the power of attorney or proof of the power of attorney to the satisfaction of the board must be produced for inspection at the Office or any other place the board may determine together, in each case, with evidence of the due execution of the power



of attorney as required by the board. The attorney may be authorised to appoint a proxy for the shareholder granting the power of attorney.

**65 Rights of shareholder indebted to Company in respect of other shares**

Subject to any restrictions affecting the right of any shareholder or class of shareholders to attend any meeting, a shareholder holding a share in respect of which for the time being no money is due and payable to the Company is entitled to be present at any general meeting and to vote and be reckoned in a quorum even if money is then due and payable to the Company by the shareholder in respect of any other share held by the shareholder. However, on a poll, a shareholder is only entitled to vote in respect of shares held by the shareholder on which, at the time when the poll is taken, no money is due and payable to the Company.

**66 Entitlement of officers and advisors to attend meeting of shareholders**

- 66.1 A Director who is not a shareholder is entitled to be present and to speak at any meeting of shareholders.
- 66.2 A Secretary who is not a shareholder is entitled to be present and, at the request of the chairman, to speak at any meeting of shareholders.
- 66.3 Any other person (whether a shareholder or not) requested by the board to attend any meeting of shareholders is entitled to be present and, at the request of the chairman, to speak at that meeting of shareholders.

**67 Resolutions in lieu of meetings under section 103 of the Act**

A shareholders' resolution in lieu of meeting authorised by section 103 of the Act may consist of several documents in like form, each signed by one or more shareholders. A facsimile of any such signed resolution is as valid and effectual as the original signed document.

**68 Unanimous agreement by shareholders**

- 68.1 Without limitation to section 89 of the Act, but subject to section 89(3) of the Act, where all of the shareholders agree to, or concur in, any action which has been taken or is to be taken by the Company:
  - (a) the taking of that action will be taken to be validly authorised by the Company, notwithstanding any provision in this Constitution; and
  - (b) the provisions of the Act referred to in Schedule 1 of the Act do not apply in relation to that action.
- 68.2 Without limitation to paragraph (1), that paragraph applies where all of the shareholders agree to or concur in:
  - (a) the issue of shares by the Company;
  - (b) the making of a distribution by the Company;
  - (c) the repurchase or redemption of shares;
  - (d) the giving of financial assistance by the Company for the purpose of, or in connection with, the purchase of shares;

- (e) the payment of remuneration to a Director, or the making of a loan to a Director, or the conferral of any other benefit on a Director; or
  - (f) the making of a contract between an interested Director and the Company.
- 68.3 This Article is intended to reproduce section 89 of the Act. Where section 89 of the Act is amended, this Article 68 will be taken to be amended accordingly and with any necessary changes.

## **Division XI –Directors**

### **69 Number of Directors**

The number of Directors (not including alternate Directors) must be not less than three nor more than ten unless otherwise determined by the Company in general meeting.

### **70 Appointment, removal and retirement of Directors**

- 70.1 The Directors as at the date of adoption of this Constitution are the directors of the Company holding office immediately before the date of adoption of this Constitution.
- 70.2 Sections 131(2) and 134(1) of the Act are modified as provided in this Article 70.
- 70.3 If the Company is Listed, unless the board determines otherwise no person other than a retiring Director or a Director vacating office under paragraph (5) is eligible to be appointed as a Director at any general meeting of shareholders unless a notice of the Director's candidature together with a consent to act signed by the Director in the form required under the Act is given to the Company at the Office at least 30 Business Days before the meeting.
- 70.4 Subject to Article 69, the Company may at any time by ordinary resolution passed at a meeting of shareholders appoint any person who is not disqualified under the Act to be a Director or remove any Director from office.
- 70.5 Subject to Article 69, the board may appoint any person who is not disqualified under the Act to be a Director to fill a vacancy or as an addition to the existing Directors. Any Director (other than the Managing Director) so appointed is to hold office (subject to removal under this Article 70) only until the next annual meeting of shareholders under the Act at which the Director will be eligible for re-election.
- 70.6 A Director (other than the Managing Director) may not hold office for a continuous period in excess of three years or past the third annual meeting of shareholders following the Director's appointment, whichever is the longer, without submitting for election or re-election. If no Director would otherwise be required to submit for election or re-election but the ~~POMS~~ASX PNGX Rules or ASX Rules require that an election of Directors be held, the Director to retire at the annual meeting of shareholders is the Director who has been longest in office since their last election, but, as between persons who were last elected on the same day, the one to retire is (unless they otherwise agree among themselves) determined by ballot.
- 70.7 A retiring Director under paragraph (6) is eligible for re-election without needing to give any prior notice of an intention to submit for re-election and holds office as a Director until the end of the meeting at which the Director retires.

### **71 No share qualification**

No share qualification is required of a Director.

## **72 Remuneration of Directors**

- 72.1 The Directors are to be paid for their services as Directors.
- 72.2 Each non-executive Director is to be paid or provided remuneration for services, determined by the board, at the time and in the manner determined by the board, the total amount or value of which in any year may not exceed an amount fixed by the board before the Company is Listed and as disclosed in a prospectus. Any increase in the total amount payable by the Company to the non-executive Directors as remuneration for services must be approved by the company in general meeting. The expression **remuneration** in this rule does not include any amount which may be paid by the Company under any of paragraphs (5) or (6), Article 73 or Article 114.
- 72.3 The remuneration to be paid or provided under paragraph (2) is to be divided among the Directors in the proportions as they may agree or, if they cannot agree, equally among them.
- 72.4 The remuneration to which a Director is entitled may be provided to a Director in cash or in any other form as is agreed between the Company and the Director. A Director may elect to forgo some or all of the Director's entitlement to cash remuneration in favour of another agreed form of remuneration and vice versa, provided the total cost to the Company of that Director's remuneration is not increased above the maximum for that Director under paragraph (3).
- 72.5 The Directors are also entitled to be paid or reimbursed for all travelling and other expenses properly incurred by them in attending and returning from any meeting of the Directors, committee of the Directors, general meeting of shareholders or otherwise in connection with the business or affairs of the Company.
- 72.6 If any Director, with the approval of the board, performs extra services or makes any special exertions for the benefit of the Company, the board may approve the payment to that Director of special and additional remuneration as the board determines having regard to the value to the Company of the extra services or special exertions. Any special or additional remuneration must not include a commission on or percentage of profits or operating revenue or turnover.
- 72.7 An executive Director may be appointed on terms as to remuneration, tenure of office and otherwise as may be determined by the board.
- 72.8 Subject to the Act, a Director may be engaged by the Company in any other capacity (other than auditor) and may be appointed on terms as to remuneration, tenure of office and otherwise as may be determined by the board.

## **73 Retirement benefits for Directors**

- 73.1 Subject to section 139 of the Act, any person (including a Director) may be paid a benefit in connection with the retirement or resignation from or loss of office or death while in office of any Director, in accordance with the Act. The board may make arrangements with any Director with respect to, providing for, or effecting payment of, benefits under this Article, in accordance with this Act.
- 73.2 Subject to paragraph (1) the Company may:
- (a) make contracts or arrangements with a Director or a proposed Director under which the Director or proposed Director or any person nominated by the Director or proposed Director is paid or provided with a lump sum payment, pension, retiring allowance or

other benefit on or after the Director or proposed Director ceases to hold office for any reason;

- (b) make any payment under any contract or arrangement referred to in paragraph (a); and
- (c) establish any fund or scheme to provide lump sum payments, pensions, retiring allowances or other benefits for:
  - (i) Directors, on them ceasing to hold office; or
  - (ii) any person including a person nominated by a Director, on the Director's death while in office,

and from time to time pay to the fund or scheme any sum as the Company considers necessary to provide those benefits.

73.3 The Company may impose any conditions and restrictions under any contract, arrangement, fund or scheme referred to in paragraph (2) as it thinks proper.

#### **74 Disclosure of interests**

74.1 A Director who becomes aware of the fact that he is interested in a transaction or proposed transaction with the Company must comply with the requirements of section 118 of the Act in relation to that interest.

74.2 A Director who is interested in a transaction entered into, or to be entered into, by the Company may:

- (a) vote on a matter relating to the transaction;
- (b) attend a meeting of Directors at which a matter relating to the transaction arises and be included among the Directors present at the meeting for the purposes of a quorum;
- (c) sign a document relating to the transaction on behalf of the Company; and
- (d) do any other thing in his capacity as a Director in relation to the transaction, as if the Director were not interested in the transaction, but only if:
  - (i) the Director has complied with the requirements of section 118 of the Act;
  - (ii) the ~~POMSoX~~PNGX Rules and the ASX Rules permit; and
  - (iii) the board does not, and to the extent that it does not, determine otherwise.

The Director may be present and counted for the purposes of determining whether there is a quorum, but may not vote on, the question of a determination by the board contemplated by paragraph (2)(iii).

#### **75 Directors may contract with Company**

Except as provided in the Act:

- (a) a Director is not disqualified by the Director's office from contracting with the Company in any capacity;

- (b) a contract or arrangement made by the Company with a Director or in which a Director is in any way interested may not be avoided merely because the Director is interested in it; and
- (c) a Director is not liable to account to the Company for any profit derived in respect of a matter in which the Director has an interest, merely because of the Director's office or the fiduciary relationship it entails if the Director has:
  - (i) declared the Director's interest in the matter as soon as practicable after the relevant facts have come to the Director's knowledge; and
  - (ii) not contravened this Constitution or the Act in relation to the matter.

A general notice that the Director is an officer or member of a specified body corporate or firm stating the nature and extent of the Director's interest in the body corporate or firm is, in relation to a matter involving the Company and that body corporate or firm, a sufficient declaration of the Director's interest, provided the extent of that interest is no greater at the time of first consideration of the relevant matter by the board than was stated in the notice.

## **76 Director may hold other office**

- 76.1 Subject to the Act, a Director may hold any other office or position under the Company (except that of auditor) in conjunction with the office of Director, on terms and at a remuneration in addition to remuneration (if any) as a Director, as the board approves.
- 76.2 A Director may be or become a director of or hold any other office or position under any corporation promoted by the Company, or in which it may be interested, whether as a vendor or shareholder or otherwise, or with any other corporation or organisation, and the Director is not accountable for any benefits received as a director or shareholder of or holder of any other office or position under any such corporation or organisation.

## **77 Appointment of executives**

- 77.1 This Article ~~78~~ does not apply in relation to the appoint of a Managing Director.
- 77.2 The board may appoint one or more:
  - (a) executives of the Company to be Directors (subject to the provisions of this Constitution dealing with the appointment of persons as Directors); or
  - (b) Directors as executives of the Company and determine the terms of such executive appointments; or
  - (c) persons to be both executives and Directors (subject to the provisions of this Constitution dealing with the appointment of Directors) and determine the terms of such executive appointments.
- 77.3 Subject to the terms of any agreement entered into in a particular case, the board may at any time revoke any appointment made pursuant to this Article 77, with or without cause.
- 77.4 The board may determine the title of anyone so appointed.
- 77.5 If a person appointed as an executive or a Director under this Article 77 ceases to be a Director, then the executive appointment automatically terminates, subject to any contrary determination

by the board (and without prejudice to any rights of any party under any relevant service agreement).

- 77.6 If a person appointed as an executive or a Director under this Article 77 ceases to be an executive, then the person automatically ceases to be a Director unless the other Directors resolve that the person should remain a Director until the next annual meeting of shareholders, in which case that Director is treated as a retiring Director at that annual meeting.

## **Division XII – Alternate Directors**

### **78 Director may appoint alternate Director**

Subject to this Constitution, each Director may appoint any person who is approved by a majority of the other Directors to act as an alternate Director in the Director's place, whether for a stated period or periods or until the happening of a specified event, whenever by absence or illness or otherwise the Director is unable to attend to duties as a director. The appointment must be in writing and signed by the Director and a copy of the appointment must be given by the appointing Director to the Company by forwarding or delivering it to the Office or by forwarding or delivering it to a meeting of the board. The appointment takes effect immediately on receipt of the appointment at the Office or at a meeting of the board and approval by a majority of other Directors or on such later date or at a later time specified in the appointment. The following provisions apply to any alternate Director:

- (a) the alternate Director may be removed or suspended from office on receipt at the Office of written notice, letter, facsimile transmission or other form of visible communication from the Director by whom the alternate Director was appointed, at any time even if the period of the appointment of the alternate Director has not expired;
- (b) the alternate Director is entitled to receive notice of meetings of the board and to attend and vote at the meetings if the Director by whom the alternate Director was appointed is not present;
- (c) the alternate Director is entitled to exercise all the powers (except the power to appoint an alternate Director) and perform all the duties of a Director, to the extent the Director by whom the alternate Director was appointed has not exercised or performed them or they have not been limited by the instrument appointing the alternate Director;
- (d) the alternate Director is not, unless the board otherwise determines, (without prejudice to the right to reimbursement for expenses under Article 72(2)) entitled to receive any remuneration as a Director from the Company, and any remuneration (not including remuneration authorised by the board or reimbursement for expenses) paid to the alternate Director by the Company is to be deducted from the remuneration of the Director by whom the alternate Director was appointed;
- (e) the office of the alternate Director is vacated on the death of, or vacation of office by, the Director by whom the alternate Director was appointed;
- (f) the alternate Director is not to be taken into account in determining the number of Directors; and
- (g) the alternate Director is, while acting as a Director, responsible to the Company for the alternate Director's own acts and defaults and will not be taken to be the agent of the Director by whom the alternate Director was appointed.

## **Division XIII – Vacation of Office of Director**

### **79 Vacation of office by Director**

Without limitation to section 135 of the Act, the office of a Director is vacated:

- (a) on the Director becoming an insolvent under administration, suspending payment generally to creditors or compounding with or assigning the Director's estate for the benefit of creditors;
- (b) on the Director becoming a person who is a patient under laws relating to mental health or whose estate is administered under laws relating to mental health; or
- (c) on the Director being absent from meetings of the board during a period of six consecutive calendar months without leave of absence from the board where the board has not, within 14 days of having been served by the Secretary or the absent Director with a notice giving particulars of the absence, resolved that leave of absence be granted.

## **Division XIV – Managing Director**

### **80 Power to appoint Managing Director**

- 80.1 The board may appoint one Director to the office of Managing Director for the period and on the terms as the board determines.
- 80.2 The Managing Director will be the chief executive officer of the Company. Subject to the terms of any agreement entered into in a particular case, the board may at any time revoke the appointment of a Managing Director.

### **81 Remuneration**

Subject to the terms of any agreement between the Managing Director and the Company, the remuneration of the Managing Director will be as determined by the board, and may be by way of salary, commission or participation in profits, or by any or all of these methods.

### **82 Delegation of powers to Managing Director**

- 82.1 The board may, on the terms and conditions and with any restrictions as it thinks fit, confer on a Managing Director any of the powers exercisable by the board other than the powers set out in Schedule 3 of the Act.
- 82.2 Any powers so conferred are concurrent with the powers of the board.
- 82.3 The board may at any time withdraw, suspend or vary any of the powers conferred on the Managing Director.

## **Division XV – Proceedings of Directors**

### **83 Non-application of Act**

Schedule 4 of the Act does not apply.

### **84 Procedures relating to Board meetings**

- 84.1 The board may meet together for the despatch of business, adjourn and otherwise regulate its



meetings as it thinks fit.

84.2 Until otherwise determined by the board, a quorum is constituted by two Directors.

84.3 Notice will be taken to have been given to a Director if sent by mail (electronic or otherwise), personal delivery or facsimile transmission to the usual place of residence of the Director or at any other address given to the Secretary by the Director.

84.4 An interested Director is to be counted in a quorum despite the interest.

**85 ~~Meetings by telephone or other means of communication~~ Methods of holding meetings of the board**

**85.1 The board may meet**

(a) together to attend to business and adjourn and otherwise regulate their meetings as they decide;

(a)(b) ~~The board may meet~~ either in person or by telephone or by other electronic means of communication by which all persons participating in the meeting are able to hear and be heard by all other participants.

85.2 The linking together by telephone or other electronic means of a sufficient number of directors to constitute a quorum, constitutes a meeting of the board;

85.3 All the provisions in this Constitution relating to meetings of the board apply, as far as they can and with any necessary changes, to meetings of the board by telephone or other electronic means.

85.4 A meeting conducted by telephone or other means of communication will be taken to be held at the place agreed on by the Directors attending the meeting if at least one of the Directors present at the meeting was at that place for the duration of the meeting.

85.5 A Director taking part in a meeting by telephone or other electronic means is to be taken to be present in person at the meeting and all Directors participating in the meeting will (unless there is a specific statement otherwise) be taken to have consented to the holding of the meeting by the relevant electronic means.

85.6 If, before or during the meeting, any technical difficulty occurs where one or more Directors cease to participate, the Chairman may adjourn the meeting until the difficulty is remedied or may, where a quorum of Directors remains present, continue with the meeting.

**86 Votes at meetings**

86.1 Questions arising at any meeting of the board are decided by a majority of votes.

86.2 In the case of an equality of votes, the Chairman has (except when only two Directors are present or except when only two Directors are competent to vote on the question then at issue) a second or casting vote.

**87 Convening of meetings**

The board may at any time, and the Secretary, on the request of any Director, must, convene a meeting of the board.

## **88 Chairman**

- 88.1 The board may elect a Chairman and a Deputy Chairman of its meetings and determine the period for which each is to hold office.
- 88.2 If no Chairman or Deputy Chairman is elected or if at any meeting the Chairman and the Deputy Chairman are not present at the time specified for holding the meeting, the Directors present may choose one of their number to be Chairman of the meeting.

## **89 Powers of meetings**

A meeting of the board at which a quorum is present is competent to exercise any of the authorities, powers and discretions for the time being vested in or exercisable by the board.

## **90 Delegation of powers to Committees**

- 90.1 The board may, on the terms and conditions and with any restrictions as it thinks fit, delegate any of its powers (other than those set out in Schedule 3 of the Act) to Committees consisting of any one or more Directors or any other person or persons as the board thinks fit.
- 90.2 Any powers so delegated are concurrent with the powers of the board.
- 90.3 In the exercise of delegated powers, any Committee formed or person or persons appointed to the Committee must conform to any regulations that may be imposed by the board. A delegate of the board may be authorised to sub-delegate any of the powers for the time being vested in the delegate.
- 90.4 The board may at any time withdraw or vary any of the powers delegated under this Article.

## **91 Proceedings of Committees**

The meetings and proceedings of any Committee are to be governed by the provisions of this Constitution for regulating the meetings and proceedings of the board so far as they are applicable and are not superseded by any regulations made by the board under Article 90.

## **92 Validity of acts**

- 92.1 All acts done at any meeting of the board or by a Committee or by any person acting as a Director are, despite the fact that it is afterwards discovered that there was some defect in the appointment of any of the Directors or the Committee or the person acting as a Director or that any of them were disqualified, as valid as if every person had been duly appointed and was qualified and continued to be a Director or a member of the Committee (as the case may be).
- 92.2 If the number of Directors is reduced below the minimum number fixed under this Constitution, the continuing Directors may act for the purpose of increasing the number of Directors to that number or of calling a meeting of shareholders but for no other purpose.

## **93 Resolution in writing**

- 93.1 A resolution in writing signed by all Directors or a resolution in writing of which notice has been given to all Directors and which is signed by a majority of the Directors entitled to vote on the resolution (not being less than the number required for a quorum at a meeting of the board) is as valid as if it had been passed at a meeting of the board duly called and constituted and may consist of several documents in the same form each signed by one or more of the Directors.

93.2 For the purposes of this Article the references to Directors include any alternate Director for the time being present in Papua New Guinea who is appointed by a Director not for the time being present in Papua New Guinea but do not include any other alternate Director.

93.3 A facsimile transmission or other document produced by mechanical or electronic means under the name of a Director with the Director's authority will be taken to be a document in writing signed by the Director.

93.4 For the purposes of this Article, separate copies of a document may be used for signing by the Directors if the wording of the resolution and statement is identical in each copy.

93.5 A signature on a document referred to in this Article may be an electronic signature (with or without a verification code).

## **Division XVI – Powers and Duties of the Board**

### **94 General powers of the board**

The management and control of the business and affairs of the Company are vested in the board, which (in addition to the powers and authorities conferred on it by this Constitution and the Act) may exercise all powers and do all things as are within the power of the Company and are not by this Constitution or by law or the ~~POMS~~~~oX~~~~PNGX~~ Rules or the ASX Rules directed or required to be exercised or done by the Company in general meeting.

### **95 Appointment of attorneys**

95.1 The board may resolve that the Company, by power of attorney, appoint any person to be the attorney of the Company:

- (a) for such purposes;
- (b) with such powers, authorities and discretions (not exceeding those vested in or exercisable by the board);
- (c) for such period; and
- (d) subject to such conditions,

as the board thinks fit.

95.2 Any appointment under paragraph (1) may be made on terms for the protection and convenience of persons dealing with the attorney as the board thinks fit and may also authorise the attorney to delegate all or any of the powers, authorities and discretions vested in the attorney.

### **96 ~~Negotiable~~ instruments**

Subject to the Act, all negotiable instruments of the Company are to be executed by the persons and in the manner that the board decides from time to time.

### **97 Minutes**

The board is to ensure that minutes are recorded in any manner it thinks fit:

- (a) of the names of each Director present at each meeting of the board and of any Committee; and

- (b) of all resolutions and proceedings of general meetings of the Company and of meetings of the board and any Committee.

The minutes of any meeting of the board or of any Committee or of the Company, if purporting to be signed by the chairman of the meeting or by the chairman of the next succeeding meeting, are prima facie evidence of the matters stated in the minutes.

## **Division XVII – The Seal**

### **98 Affixing the Seal**

- 98.1 The board is to provide for the safe custody of the Seal, which may only be used by the authority of the board.
- 98.2 Every instrument to which the Seal is affixed is to be signed by a Director and be countersigned by another Director, a Secretary or another person appointed by the board to countersign that document or a class of documents in which that document is included.

The board may determine either generally or in any particular case that a signature may be affixed by a mechanical means specified in the determination.

### **99 Certificate Seal and Official Seals**

- 99.1 The Company may have one or more duplicates of the Seal which are to be facsimiles of the Seal with the addition on their faces of the words Certificate Seal and which are to be known as Certificate Seals. Certificate Seals may be used in place of the Seal to seal certificates in respect of securities of the Company, but not otherwise. Any certificate for shares or other securities issued under a Certificate Seal will be taken to be sealed with the Seal.
- 99.2 Without limitation to paragraph (1), the Company is authorised to have for use in any place outside Papua New Guinea one or more official seals which are to be facsimiles of the Seal with the addition on their faces of the name of every place where they are to be used and which are to be known as Official Seals. Official Seals may be used outside Papua New Guinea in the same way as the Seal.
- 99.3 Every certificate to which a Certificate Seal is affixed, and every instrument to which an Official Seal is affixed, is to be signed in the same way as an instrument to which the Seal is affixed ~~must be signed~~ under Article 98.
- 99.4 Any person who affixes an Official Seal to an instrument is to certify on the instrument the date on which and the place at which the Official Seal is affixed.

## **Division XVIII – Inspection of Records**

### **100 Inspection of records**

- 100.1 Except as provided by law or as authorised by the board, a shareholder does not have any right to inspect any document or record (including accounting records) of the Company.

## **Division XIX – Dividends**

### **101 Power to authorise distribution of dividends**

- 101.1 Subject to the Act (particularly sections 50(1) and (2) and section 51(2)) and to any special rights or

restrictions attaching to any shares, the board may from time to time authorise the distribution of a dividend, determine whether the dividend is to take the form of money or other property, and fix a time for its distribution.

101.2 No dividend (whether in money or otherwise) may bear interest against the Company.

101.3 To the extent permitted by law (particularly section 51(2) of the Act), and subject to any special rights or restrictions attaching to any shares, the board may issue shares wholly or partly in lieu of a proposed dividend or proposed future dividends, in such manner, on such terms and conditions, and to such shareholders as the board determines.

## **102 Crediting of dividends**

102.1 Subject to the Act and any special rights or restrictions attached to any shares, every dividend is to:

- (a) be distributed according to the amounts paid on the shares in respect of which it is to be distributed; and
- (b) be apportioned and distributed proportionately to the amounts paid on the particular shares during any part or parts of the period in respect of which the dividend is distributed.

102.2 An amount paid or credited as paid on a share in advance of a call is not to be taken for the purposes of paragraph (1) to be paid or credited as paid on the share.

102.3 Subject to the Act and any special rights or restrictions attached to any shares, the board may from time to time resolve that a dividend is to be distributed out of a particular source or particular sources. Where the board so resolves, it may, in its absolute discretion, allow each or any shareholder to elect from which specified source that particular shareholder's dividend may be distributed by the Company. Where such elections are permitted and any shareholder does not make the election either at all or within any applicable time limit, the board or its delegate may make the election on the shareholders behalf.

102.4 To the extent permitted by law, the board may from time to time resolve that monetary dividends be paid:

- (a) in the case of any shareholder who is a resident of Papua New Guinea, in Kina; or
- (b) in the case of any other shareholder, in any other currency at the exchange rate at which the Company in accordance with its normal practice would be able to purchase the relevant currency with Kina as at a date selected by the board after the date the dividend is authorised and before the date for payment of the dividend, after deducting any premiums and costs payable in connection with the currency purchase.

## **103 Deduction of unpaid amounts**

The board may:

- (a) deduct from any monetary dividend payable to a shareholder all sums of money presently payable by the shareholder to the Company on account of calls or otherwise in relation to shares; and
- (b) retain any non-monetary dividend in respect of which the Company has a lien, and sell or

otherwise realise the property comprising the dividend and apply the proceeds in or towards satisfaction of the liability or obligation in respect of which the lien exists.

#### **104 Distributions in kind**

When authorising the distribution of a dividend, the board may direct that payment of the Dividend be made wholly or in part by the distribution of specific assets or documents of title and in particular of shares or other securities of any other corporation and, where any difficulty arises in regard to the distribution, the board may settle the difficulty as it thinks fit and in particular may issue fractional certificates and may fix the value for distribution of the specific assets and may determine that cash payments are to be made to any shareholders on the basis of the value fixed in order to adjust the rights of all parties and may vest the specific assets in trustees on trusts for the persons entitled to the dividend as the board thinks fit.

#### **105 How distributions are payable**

Any dividend distributed as money and any interest or other money payable in cash in respect of shares may be paid in any manner and by any means determined by the board, including:

- (a) by cheque or warrant made payable to; or
- (b) by electronic funds transfer to an account with a bank or other financial institution acceptable to the Company nominated by,

the shareholder entitled to the dividend, or in the case of ~~J~~joint ~~H~~holders, the shareholder whose name stands first in the Register in respect of the joint holding. Where the dividend is to be paid by cheque or warrant, the cheque or warrant may be sent through the post directed to:

- (c) the address of the shareholder or first named ~~J~~joint ~~H~~holder as shown in the Register; or
- (d) to any other address as the shareholder or ~~J~~joint ~~H~~holders in writing directs or direct, and on posting the dividend is at the risk of the shareholder.

#### **106 Unclaimed dividends**

To the extent permitted by law, all unclaimed dividends may be invested or otherwise made use of by the board for the benefit of the Company until claimed or otherwise disposed of according to law.

### **Division XX – Notices**

#### **107 Notices generally**

Sections 432, 435 (incorporating section 434) and 436 of the Act apply in relation to service of documents on the Company and on shareholders. The following Articles in this Division apply to the extent they are not inconsistent with the Act.

#### **108 Shareholders to provide postal address**

Each shareholder must notify the Company of its postal address from time to time for registration in the Register. A shareholder is not entitled to receive any notice from the Company unless the shareholder has so notified the Company.

#### **109 Service on Joint Holders**

The giving to one of several Joint Holders of any notice required to be given by the Company, is sufficient giving of notice to all of the Joint Holders.

#### **110 Signature to notice**

The signature to any notice to be given by the Company may be written or printed. A reference in this Constitution to a written notice includes a notice given by fax or other electronic means.

#### **111 Service on deceased shareholders**

A notice served in accordance with the Act and this Constitution will be taken (despite the fact that the shareholder is then dead and whether or not the Company has notice of the shareholder's death) to have been duly served in respect of any registered shares, whether held solely or jointly with other persons by the shareholder, until some other person is registered in the shareholder's place as the holder or Joint Holder and the service will be taken for all purposes to be sufficient service of the notice or document on the shareholder's heirs, executors or administrators and all persons (if any) jointly interested with the shareholder in the shares.

### **Division XXI – Secretary**

#### **112 Secretary**

- 112.1 The Company may, but is not required to, have a Secretary, or more than one Secretary.
- 112.2 The board may appoint any person who is not disqualified under the Act to be a Secretary on such terms and conditions as the board determines, and may remove any Secretary from office.
- 112.3 A Secretary has such rights, powers and duties in relation to the Company as are given to him or her by the Act, this Constitution or the board.

### **Division XXII – Liquidation**

#### **113 Liquidation**

- 113.1 If the Company is liquidated and there are surplus assets after the payment of the claims and preferential claims under sections 360 and 361 of the Act, the surplus assets are to be distributed among the shareholders.
- 113.2 If, in a liquidation, there are any surplus assets to be distributed among the shareholders, and those assets are insufficient to repay the whole of the capital paid up at the commencement of the liquidation, the surplus assets must be distributed so as to give effect to any special or preferential rights attached to any particular class of shares in a liquidation, and otherwise so that, as nearly as may be, the deficiency is borne by the shareholders in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the liquidation, on the shares held by them respectively.
- 113.3 If, in a liquidation, there are any surplus assets to be distributed among the shareholders, and those assets are more than sufficient to repay the whole of the capital paid up at the commencement of the liquidation, the excess is to be distributed so as to give effect to any special or preferential rights attached to any particular class of shares in a liquidation, and otherwise among the shareholders in proportion to the capital at the commencement of the liquidation paid up, or which ought to have been paid up, on the shares held by them respectively.

113.4 If the Company is liquidated, the liquidator may:

- (a) with the sanction of a special resolution, divide among the shareholders in kind the whole or any part of the property of the Company;
- (b) for that purpose set a value the liquidator considers fair on any property to be so divided; and
- (c) decide how the division is to be carried out as between the shareholders or different classes of shareholders.

113.5 The liquidator may, with the sanction of a special resolution, vest the whole or any part of any property in trustees on any trusts for the benefit of the contributories as the liquidator thinks fit, but so that no shareholder is compelled to accept any shares or other securities in respect of which there is any liability.

## **Division XXIII – Indemnity and Insurance**

### **114 Indemnity and insurance**

114.1 The Company is expressly authorised, and is, to indemnify each person who is, or has been, a director or employee of the Company or a related company in respect of:

- (a) liability to any person other than the Company or a related company for any act or omission in the person's capacity as a director or employee; or
- (b) costs incurred by that person in defending or settling any claim or proceeding relating to any such liability,

not being criminal liability or liability in respect of a breach, in the case of a director, of the duty specified in section 112 of the Act, or in the case of an employee, of any fiduciary duty owed to the Company or related company.

114.2 The Company is expressly authorised, and is, to indemnify each person who is, or has been, a director or employee of the Company or a related company for any costs incurred by the person in any proceeding:

- (a) that relates to liability for any act or omission in the person's capacity as a director or employee; and
- (b) in which judgement is given in the person's favour, or in which the person is acquitted, or which is discontinued.

114.3 The Company need not indemnify a person as provided for in paragraph (1) or (2) in respect of a liability to the extent that the person is entitled to an indemnity in respect of that liability, and is actually indemnified, by another person (including a related company or an insurer under a policy of insurance).

114.4 The Company is expressly authorised, with the prior approval of the board, to effect insurance for any person who is, or has been, a director or employee of the Company or a related company in respect of:

- (a) liability, not being a criminal liability, for any act or omission in the person's capacity as a director or employee;



- (b) costs incurred by that person in defending or settling any claim or proceeding relating to any such liability; or
- (c) costs incurred by that person in defending any criminal proceedings in which he is acquitted.

114.5 Without limitation to the indemnities in paragraphs (1) and (2), in any case where the board considers it appropriate to do so the Company, being expressly authorised and required to give the indemnities in paragraphs (1) and (2), may execute a documentary indemnity in any form in favour of any person who is, or has been, a director or employee of the Company or a related company, provided that the indemnity is given to an extent not greater than the extent of the indemnities in paragraphs (1) and (2).

114.6 The benefit of each indemnity given in paragraphs (1) and (2) continues, even after its terms or the terms of this Article are modified or deleted, in respect of a liability arising out of acts or omissions occurring before the modification or deletion.

#### **115 Personal liability of Director or officer**

To the extent permitted by law, and without limitation to Article 114, if any Director or any officer of the Company is or may become personally liable for the payment of any amount which is or may become primarily due from the Company, the board may charge the whole or any part of the assets of the Company by way of indemnity to secure the Director or officer from any loss in respect of the liability.

### **Division XXIX – Removal from the Register of Companies**

#### **116 Board may apply for removal**

If:

- (a) the Company has ceased to carry on business, has discharged in full its liabilities to all its known creditors, and has distributed its surplus assets in accordance with this Constitution and the Act; or
- (b) the Company has no surplus assets after paying its debts in full or in part, and no creditor has applied to the Court under section 291 of the Act for an order putting the Company into liquidation,

the board may authorise a Director, and the Company by special resolution may authorise a shareholder, to make a request under the Act to the Registrar of Companies to remove the Company from the Papua New Guinea register of companies.

### **Division XXX – Share Plans**

#### **117 Dividend reinvestment plans**

117.1 To the extent that the Act and the ~~POMS~~~~o~~~~x~~~~PNGX~~ Rules and ASX Rules permit, the board may:

- (a) establish one or more plans under which some or all shareholders may elect:
  - (i) that dividends to be paid in respect of some or all of the shares from time to time held by the shareholder are to be satisfied by the issue of fully paid shares;
  - (ii) that dividends from the Company not be determined or paid and that instead a

payment or distribution other than a dividend (including an issue of bonus shares, with no amount credited to the share capital account in connection with the issue of those shares) be made by the Company;

- (iii) that cash dividends from the Company not be paid and that instead a cash dividend or payment or other distribution (including an issue or transfer of securities) be received from the Company, a related corporation of the Company or any other entity determined by the board; and

- (iv) to participate in a dividend selection plan;

- (b) on or after establishment of any plan, extend participation in it, in whole or in part, to some or all of the holders of debt obligations of the Company in respect of interest on those obligations as if that interest were dividends; and

- (c) vary, suspend or terminate the plan.

117.2 Any plan takes effect in accordance with its terms and the board may do all things necessary and convenient for the purpose of implementing the plan, including, the making of each necessary allotment of shares and of each necessary appropriation, capitalisation, application, payment and distribution of funds which may lawfully be appropriated, capitalised, applied, paid or distributed for the purpose of the allotment.

117.3 For the purpose of giving effect to a plan, appropriations, capitalisations, applications, payments and distributions as referred to in this Article may be made and the powers of the board under this Article apply and may be exercised (with any adjustments as may be required) even if only some of the shareholders or holders of shares of any class participate in the appropriations, capitalisation, application, payment or distribution.

117.4 In offering opportunities to shareholders to participate in a plan, the board may give information that in their opinion may be useful to assist shareholders in assessing the opportunity and making requests to their best advantage. The board, the Company and its officers are not responsible for, nor are they obliged to provide, any legal, taxation or financial advice in respect of the choices available to shareholders.

117.5 The board is are under no obligation:

- (a) to admit any shareholder as a participant in any plan; nor
- (b) to comply with any request made by a shareholder who is not admitted as a participant in a plan.

117.6 In establishing and maintaining a plan, the board may exercise the powers conferred on them by the terms of the plan, by this Constitution or by the Act.

## **118 Bonus share plan**

118.1 To the extent that the Act and the ~~POMS~~XPNGX Rules and the ASX Rules permit, the board may:

- (a) establish and maintain a bonus share plan; and
- (b) vary, suspend or terminate the plan.

118.2 For the purposes of the plan, the board may in its absolute discretion offer to shareholders:

- (a) an opportunity to participate in the plan in respect of all or some of their shares; and
  - (b) an opportunity to request that, instead of participating in any dividends in respect of the shares, they have allotted and issued to them shares under the plan credited as fully paid.
- 118.3 The board may under the plan credit shares as fully paid by capitalising any sum standing to the credit of the Company's profit and loss account or otherwise available for distribution and may apply that sum in crediting shares as fully paid up.
- 118.4 If a participant in the plan requests that in respect of certain shares the shareholder not be entitled to participate in any dividend, the dividend must be taken to relate only to the balance of the shares held by that participant at the time of the record date for the payment of that dividend.
- 118.5 Where the board has received a request from a participant in the plan in respect of certain shares that shares be allotted and issued to the participant in accordance with the plan and the board decides in its absolute discretion to comply with that request, the rights attaching to the shares the subject of the request may not be taken to have been varied even though the dividend is not paid on all of the shares in the class and even though all of the shares in the class do not rank in calculating the number of fully paid shares to be allotted and issued to the participant in accordance with the plan.
- 118.6 In offering opportunities to shareholders to participate in the plan, the board may give information which in its opinion may be useful to assist shareholders in assessing the opportunity and making requests to their best advantage. The board, the Company and its officers are not responsible for, nor are they obliged to provide, any legal or taxation advice in respect of the choices available to shareholders.
- 118.7 The board is under no obligation:
  - (a) to admit any shareholder as a participant in the plan;
  - (b) to comply with any request made by a shareholder who is not admitted as a participant in the plan.
- 118.8 In establishing and maintaining the plan, the board must act in accordance with the provisions of this Constitution and may exercise all or any of the powers conferred on it by this Constitution or by the Act.

## **119 Employee shareplans**

To the extent that the Act and the ~~POMS~~XPNGX Rules and the ASX Rules permit, the board may:

- (a) implement an employee share plan (on the terms it determines) under which securities of the Company or of a related corporation may be issued or otherwise provided to or for the benefit of any officer (including any Director) or employee of the Company or of a related corporation or affiliate of the Company or to a relative of that officer or employee or to a company, trust or other entity or arrangement in which that officer or employee or a relative of that officer or employee has an interest;
- (b) amend, suspend or terminate any such employee share plan; and
- (c) give financial assistance in connection with the acquisition of securities of the Company or of a related corporation under any employee share plan in any manner permitted by

the Act and the ~~POMSeXPNGX~~ Rules and the ASX Rules.

Paragraph (a) does not limit the board's powers to establish an employee share plan or limit the scope or structure of a plan.

## Division XXXI – Restricted Securities

### 120 Restricted Securities

(a) Restricted Securities cannot be disposed of during the Escrow Period, except as permitted by the ~~POMSeXPNGX~~ Rules or the ASX Rules.

(b) The Company must refuse to acknowledge a disposal (including, ~~without limitation, to~~ registering ~~any~~ transfer) of any Restricted Securities during the Escrow Period, except as permitted by the ~~POMSeXPNGX~~ Rules or the ASX Rules (as relevant).

(c) During a breach of the PNGX Rules or the ASX Rules (as relevant) relating to the Restricted Securities, or a breach of a Restriction Agreement, the holder of the Restricted Securities is not entitled to any dividend or distribution, or voting rights, in respect of the Restricted Securities.

In this Article:

**dispose** has the meaning given in the ASX Rules or ~~POMSeXPNGX~~ Rules (as relevant).

**Escrow Period** means the period set out in a Restriction Agreement.

**Restricted Securities** has the meaning given in the ASX Rules or ~~POMSeXPNGX~~ Rules (as relevant) and includes shares defined as such in any Restriction Agreement.

**Restriction Agreement** means a restriction agreement in a form set out in the ASX Rules or ~~POMSeXPNGX~~ Rules (as relevant) or otherwise approved by the relevant exchange and includes any agreement that the Company and any shareholder agrees is a Restriction Agreement.

## Division XXXII – Banks and Financial Institutions Act Compliance

### 121 Banks and Financial Institutions Acts Compliance

The provisions set out in Schedule 1 apply to the Company for such time as it is an authorised institution under the *Banks and Financial Institutions Act (2000)* (PNG).

## Schedule 1

### Banks and Financial Institutions Act Compliance for the purpose of Article 121

#### 1 Purpose

The purpose of this Schedule is to assist in ensuring compliance with Part IV of the *Banks and Financial Institutions Act (2000)* (PNG).

#### 2 Definitions

In this Schedule 1, unless the context otherwise requires:

**Act** means the *Banks and Financial Institutions Act (2000)* (PNG).

**Associate** has the meaning given in section 3 of the Act.

**Central Bank** means the Bank of Papua New Guinea.

**Disposal Notice** has the meaning given in clause 9 of this Schedule.

**Divestment Date** means the period or date which must not be less than 30 days from the date of a Disposal Notice.

**Divestment Rules** at any time means the rules, procedures and matters (if any) then most recently adopted and published by the Company under clause 13 in this Schedule.

**Indirect Controller** meanseither:

- (a) a person or persons in accordance with whose direction or instructions the directors of the Company are accustomed to act or are under an obligation, whether formal or informal, to act; or
- (b) a person or persons declared by the Central Bank to be an indirect controller for the purposes of the Act.

**Shareholder Controller** means a person who, either alone or with any Associate or Associates has a stake in the Company of more than 15%.

**stake** means the aggregate of the voting power that a person controls in a body corporate at a general meeting.

**Unacceptable Ownership Situation** exists where a person has become:

- (a) a Shareholder Controller or an Indirect Controller of the Company; or
- (b) increased their stake in the Company beyond the maximum specified by the Central Bank pursuant to section 20(2) of the Act,

in breach of the Act.

#### 3 Information on ownership

- (a) A shareholder or applicant for shares must notify the Directors in a form and in a manner approved by the Directors whether:

- (i) the shareholder (or any person on whose behalf the shareholder holds the

shares) is or is not; or

- (ii) the applicant (or any person on whose behalf the applicant is applying) for shares is, or, consequent on the application, will become;

a person with respect to whom an Unacceptable Ownership Situation exists.

- (b) Notification under this clause must be made at the same time as or within 5 Business Days after:
  - (i) an application for shares is made (including an application consequent on the exercise of an option); or
  - (ii) registration of a transfer or transmission application under which the shareholder has first acquired the shares.
- (c) Notification may be made under this clause 3 by a broker or other person on behalf of the shareholder.

#### **4 Required Information**

- (a) The Directors may, at any time send to a shareholder or applicant for shares who:
  - (i) has notified the Directors (in accordance with clause 3) that the shareholder or applicant for shares has or, consequent on the application, will acquire a stake in the Company; or
  - (ii) has not given a notification in accordance with clause 3; or
  - (iii) the Directors have reason to believe, or are concerned, may be a person with respect to whom an Unacceptable Ownership Situation exists,

a request in a form approved by the Directors which requires the shareholder or applicant for shares to inform the Directors of any (or all) of the following:

- (iv) whether the shareholder or applicant for shares is or is not a person with respect to whom an Unacceptable Ownership Situation exists;
- (v) in the case of a shareholder, the number of shares held by that shareholder and their Associates;
- (vi) in the case of an applicant that is not a shareholder, the number of shares held by that applicant's Associates; and
- (vii) other such information as the Directors may reasonably require for the purposes of determining whether the shareholder or applicant for shares is a person with respect to whom an Unacceptable Ownership Situation exists or may exist,

(the information so requested being the **Required Information**).

- (b) Within the period specified by the Directors in the request given under clause 4(a), the shareholder or applicant for shares must give the Directors information in the form requested which:

- (i) contains the Required Information; and
  - (ii) is signed by that shareholder or applicant for shares or, in the case of a corporation, an officer of that shareholder or applicant for shares.
- (c) The Directors may send a request under clause 4(a) which requires the shareholder or applicant for shares to inform the Directors of the Required Information at the times or at the intervals specified in the request, in which case the shareholder or applicant for shares must give the Directors information in the form requested at the times or the expiration of each interval so specified but otherwise in compliance with clause 4(b).

## 5 Directors' power to dispose of shares

- (a) The Directors may, for the purpose of seeking to prevent or cure an Unacceptable Ownership Situation at any time, procure the disposal of shares when a shareholder or applicant for shares:
  - (i) is, or is likely to become, a Shareholder Controller or Indirect Controller; or
  - (ii) is, or is likely to exceed, the maximum stake that the shareholder or applicant for shares is entitled to pursuant to section 20(2) of the Act,in breach of the Act.
- (b) In determining which particular shares give rise to a shareholder or applicant for shares being, or being likely to be, a person with a stake in the Company in breach of the Act (the **Offending Securities**) the Directors must, unless in their opinion it would be inequitable or not in the best interests of the Directors to do so, have regard to the chronological order in which the shares became registered, on the basis that the last registered share is to be the first treated as an Offending Security.

## 6 Directors' power to suspend voting rights

A registered holder of Offending Securities shall, unless the prior written approval of the Directors' has been given, not be entitled to exercise voting rights in respect of such Offending Securities at any shareholders' or class meeting of the Company. This shall be without prejudice to the right of any such registered holder to attend or speak at any shareholders' or class meeting of the Company.

## 7 Warning Notice

If the Directors believe at any time that a shareholder:

- (a) is, or is likely to become, a Shareholder Controller or Indirect Controller; or
- (b) is, or is likely to exceed, the maximum stake that the shareholder or applicant for shares is entitled to pursuant to section 20(2) of the Act,

in breach of the Act, the Directors may (but are not obliged to), by notice in writing or in any other form approved by the Directors (**Warning Notice**), inform a shareholder who is, or holds on behalf of, a person with a stake in the Company in breach of the Act, that the shareholder may be required to dispose of shares.

## 8 Disposal Notice

- (a) If the Directors believe at any time that a shareholder:
- (i) is, or is likely to become, a Shareholder Controller or Indirect Controller; or
  - (ii) is, or is likely to exceed, the maximum stake that the shareholder is entitled to pursuant to section 20(2) of the Act,

in breach of the Act, the Directors may (but are not obliged to), by notice in writing or in any other form or manner approved by the Directors (**Disposal Notice**), require a shareholder who is, or holds on behalf of, a person with a stake in the Company in breach of the Act, to dispose of such number of shares as would ensure that the shareholder is:

- (iii) no longer a Shareholder Controller or Indirect Controller; or
- (iv) no longer holds a stake in the company in excess of the maximum stake that the shareholder is entitled to pursuant to section 20(2) of the Act,

by no later than the Divestment Date, consistent with the Divestment Rules. The Disposal Notice may specify circumstances, consistent with the Divestment Rules, in which the relevant shareholder need not dispose of all or any of the shares the subject of a Disposal Notice if certain events happen.

- (b) A Disposal Notice may require the shareholder to whom it is addressed to dispose of all or any of that shareholder's shares as specified in the Disposal Notice.
- (c) If a Disposal Notice is not complied with by the shareholder to whom it is addressed, the Directors may, at any time, sell all or any of that shareholder's shares specified in the Disposal Notice.
- (d) For the purposes of clause 8(c):
- (i) the Directors may sell the relevant shareholder's shares at the best price reasonably obtainable at the relevant time. For this purpose, any sale of shares by the Directors on the ASX or the ~~POMS~~XPNGX will be regarded as discharging this obligation;
  - (ii) each shareholder appoints each Director as its attorney (with power to appoint sub-attorneys) in the name of the shareholder and on behalf of the shareholder to execute any documents and implement any procedures as may be necessary or desirable in the opinion of the attorney to procure the transfer of shares on behalf of the shareholder; and
  - (iii) the title of the transferee to any shares so sold is not affected by any irregularity or invalidity in connection with the sale of the shares to the transferee (but nothing in this clause 8(d) prevents the exercise by the Directors of its powers under this Schedule if the transferee is a person with a stake in the Company in breach of the Act).



**9 Proceeds of sale**

The Directors may receive and give a good discharge for the proceeds of a sale under

clause 8(c), may pay or recoup out of those proceeds all reasonable costs and expenses of or incidental to the sale (including, but not limited to, any brokerage, duties, taxes or registry or administration costs) and shall pay the net amount to the person who immediately before the Divestment Date was the shareholder in respect of the shares sold (**Former shareholder**).

**10 Payment of net amount**

The net amount payable under clause 9 may be paid by cheque posted to the Former shareholder at the relevant address appearing in the register immediately before the Divestment Date.

**11 Exercise of powers by the Directors**

- (a) Each shareholder or applicant for shares acknowledges and recognises that the exercise of the powers given to the Directors under this Schedule may cause individual shareholders or applicants for shares, or persons on whose behalf they hold shares or make application, considerable disadvantage (including possible adverse financial and taxation consequences) but each shareholder and applicant for shares acknowledges that such a result is necessary to enable the requirements of the Act to be met.
- (b) To the fullest extent permitted by law the Directors shall be under no liability to any shareholder or applicant for shares or persons on whose behalf they hold shares or make application, and the Directors shall be under no liability to any shareholder or applicant for shares or persons on whose behalf they hold shares or make application, for any loss or disadvantage incurred by a shareholder or applicant for shares or persons on whose behalf they hold shares or make application, as a result, whether directly or indirectly, of the Directors exercising the powers provided by this Schedule.
- (c) Any resolution, determination or decision to exercise any discretion or power by the Directors under this Schedule shall be final and conclusive and may be made or exercised by the Directors at their discretion including, without limitation, a decision to issue a Warning Notice under clause 7, Disposal Notice under clause 8(a) and to sell shares under clause 8(c).

**12 Forms and rules**

The Directors, may from time to time, publish:

- (a) the form (whether electronic, written or otherwise) in which, and method by which, information may be provided under clauses 3 and 4;
- (b) the form of request the Directors will use for the purposes of clause 4;
- (c) the rules the Directors will apply to determine whether to issue a Warning Notice under clause 7, a Disposal Notice under clause 8(a) and to sell shares under clause 8(c);
- (d) the procedures by which any divestment will be effected;
- (e) any other matters required or permitted to be determined or prescribed by the Directors

under this Schedule and related definitions; and

- (f) related matters.

Such rules, procedures and matters (including circumstances in which a shareholder or applicant for shares will be treated as a person with a stake in the Company in breach of the Act) may include provisions giving the Directors rights to deal with shares and will be binding on shareholders and applicants for shares.

### 13 Register

- (a) The Directors may establish and maintain a register (**Compliance Register**) containing such information as they consider appropriate in relation to shares held by, or on behalf of, any persons.
- (b) The Compliance Register does not form part of the Register.
- (c) The Directors may treat any shareholder or applicant for shares who does not comply with clause 3 or a request for information under clause 4 as a person with respect to whom an Unacceptable Ownership Situation exists in breach of the Act.
- (d) The Directors may rely on information contained in the Compliance Register when forming their belief at any time as to whether or not:
  - (i) an Unacceptable Ownership Situation has occurred or is likely to occur; and
  - (ii) The information contained in the Compliance Register is to be taken as correct unless proven otherwise.

### 14 Delegation

The Directors may delegate any of their powers under this Schedule to any person. The provisions of this Schedule apply to each person to whom the Directors have delegated a power under this Constitution as if a reference to the Directors included a reference to that person.

### 15 Other Instruments

If any Other Instrument issued by the Directors confers a beneficial interest in the income or capital of the Company or a right to acquire such an interest, then the provisions of this Schedule shall apply to that Other Instrument and Other Instrumentholder:

- (a) as though the Other Instrument was a share; and
- (b) as though the Other Instrument holder was a shareholder; and
- (c) with such other changes as may be necessary.