



XREALITY GROUP LIMITED

25 October 2024

Dear Shareholder

### Notice of 2024 Annual General Meeting

On behalf of the Directors of xReality Group Limited ABN 39 154 103 607 (ASX:XRG), I am pleased to invite you to attend the Annual General Meeting (**AGM**) at 12.00pm on 22 November 2024.

The meeting will be held in person, at the offices of Veritas Securities Limited at Level 4, 175 Macquarie Street, Sydney.

The Notice of Meeting for the AGM is now available on our website at [www.xrkgroup.com.au/investors](http://www.xrkgroup.com.au/investors). It details the formal business to be dealt with at the Meeting. The documents accompanying the Notice of Meeting for the AGM, including the explanatory memorandum and proxy form. These are also available for download at [www.xrkgroup.com.au/investors](http://www.xrkgroup.com.au/investors).

A printed copy of the Notice of Meeting including the accompanying documents will not be sent to you unless you request a copy by contacting us at [enquiries@boardroomlimited.com.au](mailto:enquiries@boardroomlimited.com.au).

We strongly encourage you to read the Notice of Meeting (including the accompanying documents) and to participate in the meeting. You should also consider directing your proxy to vote by on each resolution by marking either the "for" box, the "against" box or the "abstain" box on the proxy form.

The Notice of Meeting includes instructions on how to vote and we encourage you to do so ahead of the meeting by using the proxy form. We are also happy to receive any questions for the meeting, by submitting them to [info@xrkgroup.com.au](mailto:info@xrkgroup.com.au) by 10:00am on 18 November 2024.

Receiving your communications from us by email is the best way to stay informed and keep in touch about your shareholding, so we encourage you to take this opportunity to switch to paperless communications. If you have already provided an email address, you will now receive all your security communications electronically. We recommend that you visit [www.InvestorServe.com.au](http://www.InvestorServe.com.au) to check that your preferences are up to date.

Thank you for your continued support of xReality Group Limited.

Yours faithfully

**John Diddams**  
Chairman



XREALITY GROUP LIMITED

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XREALITY GROUP LTD ABN 39 154 103 607

**NOTICE OF ANNUAL GENERAL MEETING**

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**The Annual General Meeting of the Company will be held at  
the Boardroom of Veritas Securities Limited  
Level 4, 175 Macquarie Street, Sydney NSW 2000  
on 22 November 2024 at 12:00pm (AEDT).**

*This Notice should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.*

**Shareholders are urged to attend or vote by lodging the proxy form attached to this Notice.**

**If you wish to attend the Meeting in person, please register your attendance by email to**

**[info@xrgroup.com.au](mailto:info@xrgroup.com.au) by 21 November 2024**

**XREALITY GROUP LTD ABN 39 154 103 607**

**NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the Annual General Meeting of shareholders of xReality Group Ltd ABN 39 154 103 607 ("**Company**") will be held at the Veritas Securities Ltd Level 4, 175 Macquarie St, Sydney NSW 2000, on 22 November 2024 at 12:00pm (AEDT) ("**Meeting**").

The Explanatory Memorandum provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form form part of this Notice.

The Directors have determined pursuant to regulation 7.11.37 of the *Corporations Regulations 2001 (Cth)* that the persons eligible to vote at the Meeting are those who are registered as Shareholders at 7:00pm (AEDT) on 18 November 2024.

Terms and abbreviations used in this Notice (including the Explanatory Memorandum) are defined in Schedule 1.

**AGENDA**

**1. ANNUAL REPORT**

To consider the Annual Report of the Company and its controlled entities for the year ended 30 June 2024, which includes the Financial Report, the Directors' Report and the Auditor's Report.

**2. RESOLUTION 1 - ADOPTION OF REMUNERATION REPORT**

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

*"That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given by the Shareholders for the adoption of the Remuneration Report as contained in the Company's Annual Report for the year ended 30 June 2024."*

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

**Note:** This resolution is subject to voting exclusions as set out at the end of this Notice of Meeting.

**3. RESOLUTION 2 – ELECTION OF DANNY HOGAN AS DIRECTOR**

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

*"That, for the purposes of clause 11.5 of the Constitution and ASX Listing Rule 14.4 and for all other purposes, Danny Hogan, who retires by rotation and being eligible, offers himself for re-election as a Director of the Company."*

**4. RESOLUTION 3 – ELECTION OF MARK SMETHURST AS DIRECTOR**

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

*"That, for the purposes of clause 11.5 of the Constitution and ASX Listing Rule 14.4 and for all other purposes, Mark Smethurst, who retires by rotation and being eligible, offers himself for re-election as a Director of the Company."*

**5. RESOLUTION 4 - APPROVAL OF 10% PLACEMENT CAPACITY**

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

*"That, for the purposes of Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities of up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions in the Explanatory Memorandum."*

**Note:** This resolution is subject to voting exclusions as set out at the end of this Notice of Meeting.

**6. RESOLUTION 5 – ISSUE OF SERVICE RIGHTS TO JOHN DIDDAMS**

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

*"That, for the purposes of section 208 of the Corporations Act and Listing Rule 10.11, and for all other purposes, approval is given for the issue of 3,000,000 Service Rights to John Diddams or his nominee, as set out in the Explanatory Memorandum."*

**Note:** This resolution is subject to voting exclusions as set out at the end of this Notice of Meeting.

**7. RESOLUTION 6 – ISSUE OF SERVICE RIGHTS TO DANNY HOGAN**

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

*"That, for the purposes of section 208 of the Corporations Act and Listing Rule 10.11, and for all other purposes, approval is given for the issue of 1,500,000 Service Rights to Danny Hogan or his nominee, as set out in the Explanatory Memorandum."*

**Note:** This resolution is subject to voting exclusions as set out at the end of this Notice of Meeting.

**8. RESOLUTION 7 – ISSUE OF SERVICE RIGHTS TO MARK SMETHURST**

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

*"That, for the purposes of section 208 of the Corporations Act and Listing Rule 10.11, and for all other purposes, approval is given for the issue of 1,500,000 Service Rights to Mark Smethurst or his nominee, as set out in the Explanatory Memorandum."*

**Note:** This resolution is subject to voting exclusions as set out at the end of this Notice of Meeting.

**9. RESOLUTION 8 – ISSUE OF SERVICE RIGHTS TO PHILIP COPELAND**

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

*"That, for the purposes of section 208 of the Corporations Act and Listing Rule 10.11, and for all other purposes, approval is given for the issue of 2,357,142 Service Rights to Philip Copeland or his nominee, as set out in the Explanatory Memorandum."*

**Note:** This resolution is subject to voting exclusions as set out at the end of this Notice of Meeting.

**10. RESOLUTION 9A – ISSUE OF SHARES TO WAYNE JONES FOR FY23**

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

*"That, for the purposes of section 208 of the Corporations Act and Listing Rule 10.11, and for all other purposes, approval is given for the issue of 857,000 Shares to Wayne Jones or his nominee, as set out in the Explanatory Memorandum."*

**Note:** This resolution is subject to voting exclusions as set out at the end of this Notice of Meeting.

**11. RESOLUTION 9B – ISSUE OF SHARES TO WAYNE JONES FOR FY24**

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

*"That, for the purposes of section 208 of the Corporations Act and Listing Rule 10.11, and for all other purposes, approval is given for the issue of 2,804,878 Shares to Wayne Jones or his nominee, as set out in the Explanatory Memorandum."*

**Note:** This resolution is subject to voting exclusions as set out at the end of this Notice of Meeting.

**12. RESOLUTION 10A – ISSUE OF SHARES TO KIM HOPWOOD FOR FY23**

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

*"That, for the purposes of section 208 of the Corporations Act and Listing Rule 10.11, and for all other purposes, approval is given for the issue of 600,000 Shares to Kim Hopwood or his nominee, as set out in the Explanatory Memorandum."*

**Note:** This resolution is subject to voting exclusions as set out at the end of this Notice of Meeting.

**13. RESOLUTION 10B – ISSUE OF SHARES TO KIM HOPWOOD FOR FY24**

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

*"That, for the purposes of section 208 of the Corporations Act and Listing Rule 10.11, and for all other purposes, approval is given for the issue of 1,963,415 Shares to Kim Hopwood or his nominee, as set out in the Explanatory Memorandum."*

**Note:** This resolution is subject to voting exclusions as set out at the end of this Notice of Meeting.

## MEETING PROTOCOL

### Discussion and asking questions

Discussion will take place on the business of the Meeting as set out above.

The Explanatory Memorandum provides further information relating to the items of business of the Meeting. Securityholders will have the opportunity to ask questions at the Meeting, including an opportunity to ask questions of the Auditor.

To ensure that as many Securityholders as possible have the opportunity to speak, Securityholders are requested to observe the following guidelines:

- Please keep questions as brief as possible and relevant to the matters being discussed.
- If a Securityholder has more than one question, please ask all questions at the same time.

Securityholders who are unable to attend the Meeting or who may prefer to register questions in advance are invited to do so. Please email your question to [info@xrgroup.com.au](mailto:info@xrgroup.com.au). An opportunity for discussion will be provided on each item of business prior to Securityholders being asked to vote.

### Voting

#### Voting at the Meeting

Voting on the Resolutions at this Meeting will be conducted by poll.

#### Voting by Proxy

Instructions for voting by proxy are detailed in the Explanatory Memorandum and on the Proxy Form included at the end of this notice.

Dated: 25 October 2024

By order of the Board



Stephen Tofler

Company Secretary

## **IMPORTANT VOTING INFORMATION**

### **VOTING EXCLUSIONS**

#### **Voting exclusion for Resolution 1 - Adoption of Remuneration Report**

A vote on this Resolution must not be cast:

- (a) by or on behalf of a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such member, regardless of the capacity in which the vote is cast; or
- (b) by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member.

However, a vote may be cast by such persons if the vote is not cast on behalf of a person who is excluded from voting on this resolution, and:

- (c) the person is appointed as a proxy that specifies the way the proxy is to vote on this resolution; or
- (d) the person is the Chairman and the appointment of the Chairman as proxy does not specify the way the proxy is to vote on this resolution, but expressly authorises the Chairman to exercise the proxy even if this resolution is connected with the remuneration of a member of the Key Management Personnel.

#### **Voting exclusion for Resolution 2 – Election of Danny Hogan**

The Company will disregard any votes cast in favour of Resolution 2 by or on behalf of:

- (a) Danny Hogan; and
- (b) any associates of Danny Hogan.

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

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

### **Voting exclusion for Resolution 3 – Election of Mark Smethurst**

The Company will disregard any votes cast in favour of Resolution 3 by or on behalf of:

- (c) Mark Smethurst; and
- (d) any associates of Mark Smethurst.

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

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

### **Voting exclusion for Resolution 4 - Approval of 10% Placement Capacity**

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

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

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

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

As at the date of this Notice, the Company has no specific plans to issue securities under the Placement Capacity under ASX Listing Rule 7.1A and therefore it is not known who (if any) may participate in a potential issue of securities under the Placement Capacity (if any) under ASX Listing Rule 7.1A. Accordingly, as at the date of this Notice, the Company is not aware of any person who would be excluded from voting on this resolution.

### **Voting exclusion for Resolution 5 – Issue of Service Rights to John Diddams**

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

- (a) Mr John Diddams and any other person who will obtain a material benefit as a result of the issue of the Service Rights (except a benefit solely by reason of being a holder of ordinary securities in the Company); and
- (b) any associate of Mr John Diddams.

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

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

### **Voting exclusion for Resolution 6 – Issue of Service Rights to Danny Hogan**

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

- (c) Mr Danny Hogan and any other person who will obtain a material benefit as a result of the issue of the Service Rights (except a benefit solely by reason of being a holder of ordinary securities in the Company); and
- (d) any associate of Mr Danny Hogan.

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

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

### **Voting exclusion for Resolution 7 – Issue of Service Rights to Mark Smethurst**

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

- (e) Mr Mark Smethurst and any other person who will obtain a material benefit as a result of the issue of the Service Rights (except a benefit solely by reason of being a holder of ordinary securities in the Company); and
- (f) any associate of Mr Mark Smethurst.

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

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

### **Voting exclusion for Resolution 8 – Issue of Service Rights to Philip Copeland**

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

- (g) Mr Philip Copeland and any other person who will obtain a material benefit as a result of the issue of the Service Rights (except a benefit solely by reason of being a holder of ordinary securities in the Company); and
- (h) any associate of Mr Philip Copeland.

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

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

### **Voting exclusion for Resolutions 9A and 9B – Issue of Shares to Wayne Jones**

The Company will disregard any votes cast in favour of Resolution 9 by or on behalf of:

- (i) Mr Wayne Jones and any other person who will obtain a material benefit as a result of the issue of the Service Rights (except a benefit solely by reason of being a holder of ordinary securities in the Company); and
- (j) any associate of Mr Wayne Jones.

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

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

### **Voting exclusion for Resolutions 10A and 10B – Issue of Shares to Kim Hopwood**

The Company will disregard any votes cast in favour of Resolution 10 by or on behalf of:

- (k) Mr Kim Hopwood and any other person who will obtain a material benefit as a result of the issue of the Service Rights (except a benefit solely by reason of being a holder of ordinary securities in the Company); and
- (l) any associate of Mr Kim Hopwood.

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

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

**EXPLANATORY MEMORANDUM**

**1. INTRODUCTION**

This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held at the Veritas Securities Limited, 175 Macquarie St, Sydney NSW 2000 on 22 November 2024 at 12:00pm (AEDT).

This Explanatory Memorandum forms part of the Notice which should be read in its entirety. This Explanatory Memorandum contains the terms and conditions on which the Resolutions will be voted.

A Proxy Form is located at the end of this Explanatory Memorandum.

**2. ACTION TO BE TAKEN BY SHAREHOLDERS**

Shareholders should read the Notice including this Explanatory Memorandum carefully before deciding how to vote on the Resolutions.

**Proxies**

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative (a 'proxy') to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions thereon. Returning the Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

Please note that:

- (a) a member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a member of the Company; and
- (c) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. Where the proportion or number is not specified, each proxy may exercise half of the votes.

Proxy Forms must be received by the Company no later than 4:00pm (AEDT) on 20 November 2024, being at least 48 hours before the Meeting.

The Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

**3. ANNUAL REPORT**

In accordance with section 317(1) of the Corporations Act, the Annual Report must be laid before the Annual General Meeting. There is no requirement for Shareholders to approve the Annual Report.

At the Meeting, Shareholders will be offered the opportunity to:

- (a) discuss the Annual Report which is available online at <http://www.xrgroup.com.au/investors/annual-reports/>.

- (b) ask questions about, or comment on, the management of the Company; and
- (c) ask the auditor questions about the conduct of the audit and the preparation and content of the Auditor's Report, the accounting policies adopted by the Company in relation to the preparation of the financial statements in the Annual Report and the independence of the auditor in relation to the conduct of the audit, and
- (d) ask questions about, or make comments on, the remuneration report.

In addition to taking questions at the Meeting, written questions to the Chairman about the management of the Company, or to the Company's auditor about:

- (a) the content of the Auditor's Report;
- (b) the conduct of the audit;

may be submitted no later than five business days before the Meeting to the Company Secretary at the Company's registered office.

#### **4. RESOLUTION 1 – REMUNERATION REPORT**

In accordance with section 250R(2) of the Corporations Act, the Company must put the adoption of the Remuneration Report to the vote of Shareholders. The Directors' Report contains the Remuneration Report which sets out the remuneration policy for the Company and the remuneration arrangements in place for the executive Directors, specified executives and non-executive Directors.

In accordance with section 250R(3) of the Corporations Act, Resolution 1 is advisory only and does not bind the Directors of the Company. If Resolution 1 is not passed, the Directors will not be required to alter any of the arrangements in the Remuneration Report.

However, if the Remuneration Report receives a 'no' vote of 25% or more ("**Strike**") at two consecutive annual general meetings, Shareholders will have the opportunity to remove the whole Board (except a managing director). Where a resolution on the Remuneration Report receives a Strike at two consecutive annual general meetings, the Company will be required to put to Shareholders at the second annual general meeting a resolution on whether another meeting should be held (within 90 days) at which all Directors (other than a managing director) who were in office at the date of approval of the applicable Directors' Report must stand for re-election.

The Company's Remuneration Report for the year ended 30 June 2023 was adopted by shareholders at the 2023 Annual General Meeting without a Strike. Accordingly, if Resolution 1 receives a Strike, there will not be any further resolution put to shareholders at the Meeting.

A voting exclusion statement for Resolution 1 is included in the Voting Exclusions.

#### **5. RESOLUTION 2 – ELECTION OF DANNY HOGAN AS DIRECTOR**

Resolution 2 seeks approval for the election of Danny Hogan as a Director with effect from the end of the Meeting.

The Company's Constitution provides that one-third of the Directors, excluding the Managing Director, must retire from office at the close of each annual general meeting of the Company. The retiring director is determined as that director that has been longest in office since their last election. A retiring Director is eligible for re-election.

Danny Hogan was last elected on 10 November 2022 and accordingly retires from office in accordance with the above requirements and submits himself for re-election.

Danny enlisted in the Australian Regular Army in 1991, and in 1997 was selected for further service within the Special Air Service Regiment. He has been recognised and awarded for his actions and leadership during his 21-year military career including receiving the Medal for

Gallantry. He was selected and completed a two-year military exchange in the USA with two of the USA's elite Special Forces Commands. While in the USA he gained his freefall parachuting qualifications and developed a very strong background in the use of vertical wind tunnel simulation training. Danny was a highly qualified senior dive instructor within the Special Air Service Regiment. Danny served as an executive director and the Chief Operations Officer from the foundation of the company until November 2019 at which time he became a non-executive director. Danny is a member of the Australian Institute of Company Directors.

#### **Directors' recommendation**

The Board (with Danny Hogan abstaining) unanimously supports the re-election of Danny Hogan and recommends that Shareholders vote in favour of this resolution.

The Chairman intends to exercise all available proxies in favour of this resolution.

### **6. RESOLUTION 3 – ELECTION OF MARK SMETHURST AS DIRECTOR**

Resolution 3 seeks approval for the election of Mark Smethurst as a Director with effect from the end of the Meeting.

The Company's Constitution provides that one-third of the Directors, excluding the Managing Director, must retire from office at the close of each annual general meeting of the Company. The retiring director is determined as that director that has been longest in office since their last election. A retiring Director is eligible for re-election.

Mark Smethurst was last elected on 10 November 2022 and accordingly retires from office in accordance with the above requirements and submits himself for re-election.

Mark's significant Defence experience spans over 35 years in the Australian Army, with 27 years as a Senior Special Forces Officer commanding at all levels including the Deputy Commander of the Australian Special Forces. Mark Commanded the NATO Special Forces in Afghanistan during 2011/12 and was the Deputy Chief of Operations for the US Special Operations Command in 2013/14.

He currently holds a variety of board and advisory roles with several private and public companies and is an Advisor to the Global Special Operations Foundation and the Chairman of the Commando Welfare Trust. Through his experience and other business interests, Mark is well positioned to support XRG in Australia and International markets

#### **Directors' recommendation**

The Board (with Mark Smethurst abstaining) unanimously supports the re-election of Mark Smethurst and recommends that Shareholders vote in favour of this resolution.

The Chairman intends to exercise all available proxies in favour of this resolution.

### **7. RESOLUTION 4 - APPROVAL OF 10% PLACEMENT CAPACITY**

#### **Background**

Listing Rule 7.1A enables eligible entities, subject to shareholder approval by special resolution, to issue Equity Securities up to 10% of its issued share capital through placements over a 12-month period after the annual general meeting ("**10% Placement Capacity**"). The 10% Placement Capacity is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an eligible entity.

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

This resolution is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative) on the resolution.

The purpose of this resolution is to provide the Company with flexibility to meet future business and financial needs. The Board believes that it is advantageous to have the ability to act promptly with respect to potential opportunities and that approval of the 10% Placement Capacity is desirable in order to have the securities available, as needed, for possible future financing transactions, strategic transactions, or other general corporate purposes that are determined to be in the Company's best interests.

Approval of this resolution would enable the Company to issue Shares without the expense and delay of holding a general meeting, except as may be required by applicable law or regulations. The cost, prior notice requirements, and delay involved in obtaining shareholder approval at the time a corporate action may become necessary could eliminate the opportunity to effect the action or could reduce the expected benefits.

If approved, subject to the limitations described below with respect to the 10% Placement Capacity, the Company will generally be permitted to issue up to 25% of its issued capital without any further shareholder approval, unless such shareholder approval is required by applicable law or the ASX Listing Rules. There is no current intention, definitive plans, understandings, agreements, or arrangements to issue securities for any purpose other than those as set out in this Notice or as previously disclosed and approved (if required) by Shareholders. The Directors believe that the approval of this resolution will enable the Company to promptly and appropriately respond to business opportunities or to raise additional equity capital.

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

### **Listing Rule 7.1A**

The effect of this resolution will be to allow the Directors to issue the Equity Securities under Listing Rule 7.1A during the 10% Placement Period without using the Company's 15% placement capacity under Listing Rule 7.1.

In accordance with Listing Rule 7.3A, specific information is provided as follows:

#### **(a) Equity Securities to be issued**

Any Equity Securities issued under the 10% Placement Capacity must be in the same class as an existing quoted class of Equity Securities of the company i.e., currently only ordinary Shares of the Company may be issued using this facility.

#### **(b) Formula for calculating 10% Placement Capacity**

Listing Rule 7.1A.2 provides that eligible entities which have obtained Shareholder approval at an annual general meeting may issue or agree to issue, during the 12 month period after the date of the annual general meeting, a number of Equity Securities calculated in accordance with the following formula:

$$(A \times D) - E$$

**A** is the number of fully paid ordinary Shares on issue at the commencement of the relevant period:

plus the number of Shares issued in the relevant period under an exception in Listing Rule 7.2 other than exception 9, 16 or 17;

plus the number of fully paid Shares issued in the relevant period on the conversion of convertible securities within rule 7.2 exception 9 where:

- The convertible securities were issued or agreed to be issued before the commencement of the relevant period; or
- The issue of, or agreement to issue, the convertible securities was approved, or taken under the Listing Rules to have been approved under Listing Rule 7.1 or 7.4;

plus the number of Shares issued in the relevant period under an agreement to issue securities within rule 7.2 exception 16 where:

- the agreement was entered into before the commencement of the relevant period; or
- the agreement or issue was approved, or taken to be approved under the Listing Rules, under Listing Rule 7.1 or 7.4; ;

plus the number of Shares issued in the relevant period with Shareholder approval under Listing Rule 7.1 or 7.4;

plus the number of partly paid Shares that become fully paid in the relevant period;

less the number of fully paid Shares cancelled in the relevant period.

*Note that A has the same meaning in 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 Listing Rule 7.1A.2 in the relevant period where the issue or agreement to issue that are not approved by Shareholders under Listing Rule 7.4.

**(c) Listing Rule 7.1 and Listing Rule 7.1A**

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1. At the date of the Notice, the Company has on issue 562,875,143 Shares and currently has the capacity to issue 81,194,472 Equity Securities under Listing Rule 7.1.

Subject to shareholder approval being granted, as sought under this resolution, the Company would have the additional capacity to issue 59,615,809 Equity /securities under Listing Rule 7.1A.

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

**(d) Minimum Issue Price**

The issue price of Equity Securities issued under Listing Rule 7.1A.2 must be not less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 Trading Days on which trades in that class were recorded immediately before:

- the date on which the price at which the Equity Securities are to be issued is agreed; 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.

**(e) 10% Placement Period**

Shareholder approval of the 10% Placement Capacity under Listing Rule 7.1A is valid from the date of the annual general meeting at which the approval is obtained and expires on the earlier to occur of:

- the date that is 12 months after the date of the annual general meeting at which the approval is obtained, being 22 November 2025;
- the time and date of the Company's next annual general meeting; or
- the date of Shareholder approval of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

(the "10% Placement Period").

**(f) Dilution Risk**

If this resolution is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Capacity, the existing Shareholders' economic and voting power in the Company will be diluted as shown in the below table. There is a risk that:

- the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date this resolution is approved; 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.

The below table shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of Shares for variable 'A' calculated in accordance with the formula in Listing Rule 7.1A.2 as at the date of the Notice.

Variable 'A' in Listing Rule 7.1A.2		Dilution		
		\$0.017 50% decrease in Issue Price	\$0.034 Issue Price	\$0.051 50% increase in Issue Price
Current Variable A 562,875,143 Shares	10% Voting Dilution	56,287,514 Shares	56,287,514 Shares	56,287,514 Shares
	Funds raised	\$956,887.74	\$1,913,775.49	\$2,870,663.23
50% increase in current Variable A Shares) 844,312,715	10% Voting Dilution	84,431,272 Shares	84,431,272 Shares	84,431,272 Shares
	Funds raised	\$1,435,331.62	\$2,870,663.23	\$4,305,994.85
100% increase in current Variable A Shares) 1,125,750,287	10% Voting Dilution	112,575,029 Shares	112,575,029 Shares	112,575,029 Shares
	Funds raised	\$1,913,775.49	\$3,827,550.98	\$5,741,326.46

The table also shows:

- two examples where variable 'A' has increased by 50% and 100%. Variable 'A' is based on the number of Shares the Company has on issue. The number of Shares on issue may increase as a result of issues of Shares that do not require Shareholder approval (for example, a pro rata entitlements issue or exercise of options or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting); and
- two examples of where the issue price of Shares has decreased by 50% and increased by 50% as against the current market price.

The table has been prepared on the following assumptions:

- The Company issues the maximum number of Equity Securities available under the 10% Placement Capacity.
- No Options (including any Options issued under the 10% Placement Capacity) are exercised into Shares before the date of the issue of the Equity Securities.
- 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 10% Placement Capacity, based on that Shareholder's holding at the date of the Meeting.

- (v) The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
- (vi) The issue of Equity Securities under the 10% Placement Capacity consists only of Shares.
- (vii) The issue price is \$0.034, being the closing price of the Shares on ASX on 8 October 2024.

**(g) Purpose**

The Company may seek to issue the Equity Securities for cash consideration for the following purposes:

- to fund the acquisition of new assets and investments where permitted under the Listing Rules; or
- to use the funds raised towards general corporate purposes, including investment in growth and diversification initiatives, reduction of interest bearing debt and funding enhanced marketing efforts to drive revenue.

The Company will comply with the disclosure obligations under the Listing Rules upon issue of any Equity Securities.

As of the date of this Notice, the Company has not formed an intention as to the parties which it may approach to participate in an issue of securities under ASX Listing Rule 7.1A including whether such an issue would be made to existing Shareholders or to new investors.

**(h) Allocation Policy**

The Company's allocation policy will be dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Capacity. The identity of the subscribers 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 issues or other issues 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 broking advisers (if applicable).

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

**(i) Cash Consideration only**

The Company will only issue Equity Securities under the 10% Placement for cash consideration.

### **Listing Rule 7.3A.6**

The Company has previously obtained Shareholder approval under Listing Rule 7.1A with the last approval being at its 2023 Annual General Meeting held on 21 November 2023.

In the twelve months preceding the date of this Meeting, the Company has not issued any Shares under the approval obtained at its 2023 Annual General Meeting in respect of Listing Rule 7.1A.

At the date of the Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of additional Equity Securities. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice.

### **Directors' recommendation**

The Board unanimously recommends that Shareholders vote in favour of this resolution. The Chairman intends to exercise all available proxies in favour of this resolution.

A voting exclusion statement for this Resolution is included in the Voting Exclusions.

## **8. RESOLUTION 5 – ISSUE OF SERVICE RIGHTS TO JOHN DIDDAMS**

### **General**

On 22 May 2024 the Company agreed, subject to obtaining Shareholder approval, to issue a total of 3,000,000 Service Rights to John Diddams or his nominee on the terms set out in Schedule 2, as part of their remuneration for providing his services. Approval is being sought pursuant to section 208 of the Corporations Act and Listing Rule 10.11.

The terms of the issue of Service Rights are outlined in Schedule 2.

### **Background**

The remuneration proposal for the Board that was approved at the meeting held on 22 May 2024, was that John Diddams be paid \$60,000pa and be issued 3,000,000 Service Rights for the period 1<sup>st</sup> June 2024 to 1<sup>st</sup> December 2025.

Under the Company's current circumstances, the Executive Directors (with the Non-executive Directors abstaining) consider that the incentive noted above, represented by the issue of Service Rights, is a cost effective and efficient reward and incentive to provide as opposed to alternative forms of incentive such as the payment of cash compensation only.

### **Section 208 of the Corporations Act**

Section 208 of the Corporations Act states that a public company cannot give a "financial benefit" (including an issue of Shares and Options) to a "related party" of the Company unless one of the exceptions set out in section 210 to 216 of the Corporations Act apply, or the holders of ordinary securities have approved the giving of the financial benefit to the related party in a general meeting. The Service Rights and Options are considered to be reasonable remuneration in line with section 211 of the Corporations Act.

John Diddams is a related party of the Company within the meaning specified under section 228 of the Corporations Act. Further, the provision of the Service Rights constitutes a financial benefit within the meaning of section 229 of the Corporations Act. Accordingly, Shareholder approval is sought under section 208 of the Corporations Act to permit the issue of the Service Rights on the terms set out in Resolution 5 to John Diddams (or his nominee) as a related party of the Company.

## **Requirements under section 219 of the Corporations Act**

As required by section 219 of the Corporations Act and Listing Rule 10.13, the following information is provided in relation to Resolution 5:

- (a) the related party is John Diddams by virtue of being a Director of the Company;
- (b) the maximum number of Service Rights (being the nature of the financial benefit being provided) to be granted to the Non-executive Director is 3,000,000 Service Rights;
- (c) The financial benefit of the Service Rights has been valued at the closing price of the Shares on the date of resolution, being 22 May 2024.
- (d) John Diddams is also being paid \$60,000pa for providing Non-executive Director services to the Company for FY25.
- (e) The Service Rights will vest on 1<sup>st</sup> December 2025 with a nil exercise price.
- (f) The Non-executive Director must be engaged by the Company at the vesting date.
- (g) If all of the Service Rights under Resolution 5 were exercised, and no other Shares were issued by the Company, the shareholding of existing shareholders would, based on the current issued capital of the Company and prior to the exercise of any other Options issued under the Plan, be diluted by approximately 0.5%.
- (h) The Directors do not consider that there are any opportunity costs to the Company or benefits foregone by the Company in granting the Services Rights.
- (i) No funds will be raised from the issue of the Service Rights.
- (j) John Diddams, as the recipient of the Service Rights, has a material personal interest in the outcome of the Resolution. No other Director has a material personal interest in the outcome of Resolution 5.

## **Listing Rule 10.11**

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

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

unless the Company obtains approval from Shareholders.

As the Service Rights are proposed to be issued to Directors of the Company, it falls within Listing Rule 10.11.1 and therefore requires the approval of Shareholders under Listing Rule 10.11.

This resolution seeks the required approval from Shareholders under Listing Rule 10.11.

If this resolution is passed, the Company will be able to proceed with the issue of the Service Rights and John Diddams will receive the Service Rights as opposed to alternative forms of incentive such as the payment of cash compensation.

If this resolution is not passed, the Company will not proceed with the issue of the Service Rights and will be required to pay John Diddams with an alternative form of incentive which will be a payment of cash compensation.

### **Specific Disclosure for Listing Rule 10.11**

Pursuant to Listing Rule 10.13, the Company provides the following further information:

- (a) the Service Rights will be issued to John Diddams (or his nominee);
- (b) John Diddams is a related party of the Company;
- (c) the number of Service Rights to be granted to John Diddams (or his nominee) is 3,000,000;
- (k) John Diddams is also being paid \$60,000pa;
- (d) if the Resolution is approved by Shareholders, the Service Rights will be issued on or before 22<sup>nd</sup> December 2024 .
- (e) The Company is of the view that, the proposed issue of Service Rights:
  - (i) is a fair and reasonable remuneration in lieu of cash payment; and
  - (ii) is in line with the remuneration benefits paid to other non-executive directors of other companies operating in the Company's industry and business environment.
- (f) The Service Rights are valued at the closing price as at the date of approval of the resolution, which was 22 May 2024, being \$0.035 per Service Right.
- (g) The Service Rights will be issued for nil consideration and therefore no loans will be created for the issue of the Service Rights.
- (h) The terms of issue of the Service Rights are set out in Schedule 2.

### **Directors' Recommendations**

The primary purpose of the grant of the Service Rights is the remuneration of the Non-executive Directors for the Directors Services being provided for FY25.

John Diddams expresses no opinion and makes no recommendation in respect of the issue of the Service Rights to him (and/or his nominee) as he has a material personal interest in the outcome of Resolution 5.

Each of the other Directors recommend that shareholders vote in favour of the issue of the Service Rights to John Diddams (and/or his nominee) for the reasons set out in this Explanatory Statement and intend to vote in favour of the resolution.

## **9. RESOLUTION 6 – ISSUE OF SERVICE RIGHTS TO DANNY HOGAN**

### **General**

On 22 May 2024 the Company agreed, subject to obtaining Shareholder approval, to issue a total of 1,500,000 Service Rights to Danny Hogan or his nominee on the terms set out in Schedule 2, as part of their remuneration for providing Directors services for FY25. Approval is being sought pursuant to section 208 of the Corporations Act and Listing Rule 10.11.

The terms of the issue of Service Rights are outlined in Schedule 2.

### **Background**

The remuneration proposal for the Board that was approved at the meeting held on 22 May 2024, was that Danny Hogan be paid \$30,000pa and be issued 1,500,000 Service Rights for the period 1<sup>st</sup> June 2024 to 1<sup>st</sup> December 2025.

Under the Company's current circumstances, the Executive Directors (with the Non-executive Directors abstaining) consider that the incentive noted above, represented by the issue of Service Rights, is a cost effective and efficient reward and incentive to provide as opposed to alternative forms of incentive such as the payment of cash compensation only.

### **Section 208 of the Corporations Act**

Section 208 of the Corporations Act states that a public company cannot give a "financial benefit" (including an issue of Shares and Options) to a "related party" of the Company unless one of the exceptions set out in section 210 to 216 of the Corporations Act apply, or the holders of ordinary securities have approved the giving of the financial benefit to the related party in a general meeting. The Service Rights and Options are considered to be reasonable remuneration in line with section 211 of the Corporations Act.

Danny Hogan is a related party of the Company within the meaning specified under section 228 of the Corporations Act. Further, the provision of the Service Rights constitutes a financial benefit within the meaning of section 229 of the Corporations Act. Accordingly, Shareholder approval is sought under section 208 of the Corporations Act to permit the issue of the Service Rights on the terms set out in Resolution 5 to Danny Hogan (or his nominee) as a related party of the Company.

### **Requirements under section 219 of the Corporations Act**

As required by section 219 of the Corporations Act and Listing Rule 10.11, the following information is provided in relation to Resolution 6:

- (a) the related party is Danny Hogan by virtue of being a Director of the Company;
- (b) the maximum number of Service Rights (being the nature of the financial benefit being provided) to be granted to the Non-executive Director is 1,500,000 Service Rights;
- (c) The financial benefit of the Service Rights has been valued at the closing price of the Shares on the date of resolution, being 22 May 2024.
- (d) Danny Hogan is also being paid \$30,000pa for providing Non-executive Director services to the Company for FY25.
- (e) The Service Rights will vest on 1<sup>st</sup> December 2025 with a nil exercise price.
- (f) The Non-executive Director must be engaged by the Company at the vesting date.
- (g) If all of the Service Rights under Resolution 6 were exercised, and no other Shares were issued by the Company, the shareholding of existing shareholders would,

based on the current issued capital of the Company and prior to the exercise of any other Options issued under the Plan, be diluted by approximately 0.3%.

- (h) The Directors do not consider that there are any opportunity costs to the Company or benefits foregone by the Company in granting the Services Rights.
- (i) No funds will be raised from the issue of the Service Rights.
- (j) Danny Hogan, as the recipient of the Service Rights, has a material personal interest in the outcome of the Resolution. No other Director has a material personal interest in the outcome of Resolution 6.

### **Listing Rule 10.11**

Listing Rule 10.11 provides that the Company must not permit any of the following persons to acquire equity securities under an employee share scheme:

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

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

unless the Company obtains approval from Shareholders.

As the Service Rights are proposed to be issued to Directors of the Company, it falls within Listing Rule 10.11.1 and therefore requires the approval of Shareholders under Listing Rule 10.14.

This resolution seeks the required approval from Shareholders under Listing Rule 10.11.

If this resolution is passed, the Company will be able to proceed with the issue of the Service Rights and Danny Hogan will receive the Service Rights as opposed to alternative forms of incentive such as the payment of cash compensation.

If this resolution is not passed, the Company will not proceed with the issue of the Service Rights and will be required to pay Danny Hogan with an alternative form of incentive which will be a payment of cash compensation.

### **Specific Disclosure for Listing Rule 10.11**

Pursuant to Listing Rule 10.13, the Company provides the following further information:

- (a) the Service Rights will be issued to Danny Hogan (or his nominee);
- (b) Danny Hogan is a Director of the Company;
- (c) the number of Service Rights to be granted to Danny Hogan is 1,500,000;

- (d) Danny Hogan is also being paid \$30,000pa;
- (e) 100% of the Service Rights will be issued on or before 22<sup>nd</sup> December 2024 if approved by Shareholders.
- (f) The Company is of the view that, the proposed issue of Service Rights:
  - (i) is a fair and reasonable remuneration in lieu of cash payment; and
  - (ii) is in line with the remuneration benefits paid to other non-executive directors of other companies operating in the Company's industry and business environment.
- (g) The Service Rights are valued at the closing price as at the date of approval of the resolution, which was 22 May 2024, being \$0.035 per Service Right.
- (h) The Service Rights will be issued for nil consideration and therefore no loans will be created for the issue of the Service Rights.
- (i) The terms of issue of the Service Rights are set out in Schedule 2.

### **Directors' Recommendations**

The primary purpose of the grant of the Service Rights is the remuneration of the Non-executive Directors for the Directors Services being provided for FY25.

Danny Hogan expresses no opinion and makes no recommendation in respect of the issue of the Service Rights to him (and/or his nominee) as he has a material personal interest in the outcome of Resolution 6.

Each of the other Directors recommend that shareholders vote in favour of the issue of the Service Rights to Danny Hogan (and/or his nominee) for the reasons set out in this Explanatory Statement and intend to vote in favour of the resolution.

## **10. RESOLUTION 7 – ISSUE OF SERVICE RIGHTS TO MARK SMETHURST**

### **General**

On 22 May 2024 the Company agreed, subject to obtaining Shareholder approval, to issue a total of 1,500,000 Service Rights to Mark Smethurst or his nominee on the terms set out in Schedule 2, as part of their remuneration for providing Directors services for FY25. Approval is being sought pursuant to section 208 of the Corporations Act and Listing Rule 10.11.

The terms of the issue of Service Rights are outlined in Schedule 2.

### **Background**

The remuneration proposal for the Board that was approved at the meeting held on 22 May 2024, was that Mark Smethurst be paid \$30,000pa and be issued 1,500,000 Service Rights.

Under the Company's current circumstances, the Executive Directors (with the Non-executive Directors abstaining) consider that the incentive noted above, represented by the issue of Service Rights, is a cost effective and efficient reward and incentive to provide as opposed to alternative forms of incentive such as the payment of cash compensation only.

### **Section 208 of the Corporations Act**

Section 208 of the Corporations Act states that a public company cannot give a "financial benefit" (including an issue of Shares and Options) to a "related party" of the Company unless

one of the exceptions set out in section 210 to 216 of the Corporations Act apply, or the holders of ordinary securities have approved the giving of the financial benefit to the related party in a general meeting. The Service Rights and Options are considered to be reasonable remuneration in line with section 211 of the Corporations Act.

Mark Smethurst is a related party of the Company within the meaning specified under section 228 of the Corporations Act. Further, the provision of the Service Rights constitutes a financial benefit within the meaning of section 229 of the Corporations Act. Accordingly, Shareholder approval is sought under section 208 of the Corporations Act to permit the issue of the Service Rights on the terms set out in Resolution 7 to Mark Smethurst (or his nominee) as a related party of the Company.

### **Requirements under section 219 of the Corporations Act**

As required by section 219 of the Corporations Act, the following information is provided in relation to Resolution 7:

- (a) the related party is Mark Smethurst by virtue of being a Director of the Company;
- (b) the maximum number of Service Rights (being the nature of the financial benefit being provided) to be granted to the Non-executive Director is 1,500,000 Service Rights;
- (c) The financial benefit of the Service Rights has been valued at the closing price of the Shares on the date of resolution, being 22 May 2024.
- (d) Mark Smethurst is also being paid \$30,000pa for providing Non-executive Director services to the Company for FY25.
- (e) The Service Rights will vest on 1<sup>st</sup> December 2025 with a nil exercise price.
- (f) The Non-executive Director must be engaged by the Company at the vesting date.
- (g) If all of the Service Rights under Resolution 7 were exercised, and no other Shares were issued by the Company, the shareholding of existing shareholders would, based on the current issued capital of the Company and prior to the exercise of any other Options issued under the Plan, be diluted by approximately 0.3%.
- (h) The Directors do not consider that there are any opportunity costs to the Company or benefits foregone by the Company in granting the Services Rights.
- (i) No funds will be raised from the issue of the Service Rights.
- (j) Mark Smethurst, as the recipient of the Service Rights, has a material personal interest in the outcome of the Resolution. No other Director has a material personal interest in the outcome of Resolution 7.

### **Listing Rule 10.11**

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

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

- (d) an associate of a person referred to in paragraphs (a), (b), or (c) above; or
- (e) a person whose relationship with the entity or a person referred to in any of paragraphs (a) to (d) above is such that, in ASX's opinion the issue or agreement should be approved by securityholders,

As the Service Rights are proposed to be issued to Directors of the Company, it falls within Listing Rule 10.11.1 and therefore requires the approval of Shareholders under Listing Rule 10.11.

This resolution seeks the required approval from Shareholders under Listing Rule 10.11.

If this resolution is passed, the Company will be able to proceed with the issue of the Service Rights and Mark Smethurst will receive the Service Rights as opposed to alternative forms of incentive such as the payment of cash compensation.

If this resolution is not passed, the Company will not proceed with the issue of the Service Rights and will be required to pay Mark Smethurst with an alternative form of incentive which will be a payment of cash compensation.

### **Specific Disclosure for Listing Rule 10.11**

Pursuant to Listing Rule 10.13, the Company provides the following further information:

- (a) the Service Rights will be issued to Mark Smethurst (or his nominee);
- (b) Mark Smethurst is a Director of the Company;
- (c) the number of Service Rights to be granted to Mark Smethurst is 1,500,000;
- (d) Mark Smethurst is also being paid \$30,000pa;
- (e) 100% of the Service Rights will be issued on or before 22<sup>nd</sup> December 2024 if approved by Shareholders.
- (f) The Company is of the view that, the proposed issue of Service Rights:
  - (i) is a fair and reasonable remuneration in lieu of cash payment; and
  - (ii) is in line with the remuneration benefits paid to other non-executive directors of other companies operating in the Company's industry and business environment.
- (g) The Service Rights are valued at the closing price as at the date of approval of the resolution, which was 22 May 2024, being \$0.035 per Service Right.
- (h) The Service Rights will be issued for nil consideration and therefore no loans will be created for the issue of the Service Rights.
- (i) The terms of issue of the Service Rights are set out in Schedule 2.

### **Directors' Recommendations**

The primary purpose of the grant of the Service Rights is the remuneration of the Non-executive Directors for the Directors Services being provided for FY25.

Mark Smethurst expresses no opinion and makes no recommendation in respect of the issue of the Service Rights to him (and/or his nominee) as he has a material personal interest in the outcome of Resolution 7.

Each of the other Directors recommend that shareholders vote in favour of the issue of the Service Rights to Mark Smethurst (and/or his nominee) for the reasons set out in this Explanatory Statement and intend to vote in favour of the resolution

## **11. RESOLUTION 8 – ISSUE OF SERVICE RIGHTS TO PHILIP COPELAND**

### **General**

On 22 May 2024 the Company agreed, subject to obtaining Shareholder approval, to issue a total of 2,357,142 Service Rights to Philip Copeland or his nominee on the terms set out in Schedule 2, as part of their remuneration for providing Directors services for FY25. Approval is being sought pursuant to section 208 of the Corporations Act and Listing Rule 10.11.

The terms of the issue of Service Rights are outlined in Schedule 2.

### **Background**

The remuneration proposal for the Board that was approved at the meeting held on 22 May 2024, was that Philip Copeland be paid no cash consideration and be issued 2,357,142 Service Rights.

Under the Company's current circumstances, the Executive Directors (with the Non-executive Directors abstaining) consider that the incentive noted above, represented by the issue of Service Rights, is a cost effective and efficient reward and incentive to provide as opposed to alternative forms of incentive such as the payment of cash compensation only.

### **Section 208 of the Corporations Act**

Section 208 of the Corporations Act states that a public company cannot give a "financial benefit" (including an issue of Shares and Options) to a "related party" of the Company unless one of the exceptions set out in section 210 to 216 of the Corporations Act apply, or the holders of ordinary securities have approved the giving of the financial benefit to the related party in a general meeting. The Service Rights and Options are considered to be reasonable remuneration in line with section 211 of the Corporations Act.

Philip Copeland is a related party of the Company within the meaning specified under section 228 of the Corporations Act. Further, the provision of the Service Rights constitutes a financial benefit within the meaning of section 229 of the Corporations Act. Accordingly, Shareholder approval is sought under section 208 of the Corporations Act to permit the issue of the Service Rights on the terms set out in Resolution 5 to Philip Copeland (or his nominee) as a related party of the Company.

### **Requirements under section 219 of the Corporations Act**

As required by section 219 of the Corporations Act and Listing Rule 10.11, the following information is provided in relation to Resolution 8:

- (a) the related party is Philip Copeland by virtue of being a Director of the Company;
- (b) the maximum number of Service Rights (being the nature of the financial benefit being provided) to be granted to the Non-executive Director is 2,357,142 Service Rights, being 1,500,000 Service Rights plus a further 857,142 Service Rights (valued at \$0.035, being the value on the date of approval) in lieu of \$30,000;
- (c) The financial benefit of the Service Rights has been valued at the closing price of the Shares on the date of resolution, being 22 May 2024.
- (d) Philip Copeland is not being paid any cash consideration for providing Non-executive Director services to the Company for FY25.
- (e) The Service Rights will vest on 1<sup>st</sup> December 2025 with a nil exercise price.

- (f) The Non-executive Director must be engaged by the Company at the vesting date.
- (g) If all of the Service Rights under Resolution 8 were exercised, and no other Shares were issued by the Company, the shareholding of existing shareholders would, based on the current issued capital of the Company and prior to the exercise of any other Options issued under the Plan, be diluted by approximately 0.4%.
- (h) The Directors do not consider that there are any opportunity costs to the Company or benefits foregone by the Company in granting the Services Rights.
- (i) No funds will be raised from the issue of the Service Rights.
- (j) Philip Copeland, as the recipient of the Service Rights, has a material personal interest in the outcome of the Resolution. No other Director has a material personal interest in the outcome of Resolution 8.

### **Listing Rule 10.11**

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

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

unless the Company obtains approval from Shareholders.

As the Service Rights are proposed to be issued to Directors of the Company, it falls within Listing Rule 10.11.1 and therefore requires the approval of Shareholders under Listing Rule 10.11.

This resolution seeks the required approval from Shareholders under Listing Rule 10.11.

If this resolution is passed, the Company will be able to proceed with the issue of the Service Rights and Philip Copeland will receive the Service Rights as opposed to alternative forms of incentive such as the payment of cash compensation.

If this resolution is not passed, the Company will not proceed with the issue of the Service Rights and will be required to pay Philip Copeland with an alternative form of incentive which will be a payment of cash compensation.

### **Specific Disclosure for Listing Rule 10.11**

Pursuant to Listing Rule 10.13, the Company provides the following further information:

- (a) the Service Rights will be issued to Philip Copeland (or his nominee);
- (b) Philip Copeland is a Director of the Company;

- (c) the number of Service Rights to be granted to Philip Copeland is 2,357,142;
- (d) Philip Copeland is being paid nil cash consideration;
- (e) 100% of the Service Rights will be issued on or before 22<sup>nd</sup> December 2024 if approved by Shareholders.
- (f) The Company is of the view that, the proposed issue of Service Rights:
  - (i) is a fair and reasonable remuneration in lieu of cash payment; and
  - (ii) is in line with the remuneration benefits paid to other non-executive directors of other companies operating in the Company's industry and business environment.
- (g) The Service Rights are valued at the closing price as at the date of approval of the resolution, which was 22 May 2024, being \$0.035 per Service Right.
- (h) The Service Rights will be issued for nil consideration and therefore no loans will be created for the issue of the Service Rights.
- (i) The terms of issue of the Service Rights are set out in Schedule 2.

### **Directors' Recommendations**

The primary purpose of the grant of the Service Rights is the remuneration of the Non-executive Directors for the Directors Services being provided for FY25.

Philip Copeland expresses no opinion and makes no recommendation in respect of the issue of the Service Rights to him (and/or his nominee) as he has a material personal interest in the outcome of Resolution 8.

Each of the other Directors recommend that shareholders vote in favour of the issue of the Service Rights to Philip Copeland (and/or his nominee) for the reasons set out in this Explanatory Statement and intend to vote in favour of the resolution

## **12. RESOLUTIONS 9A and 9B– ISSUE OF SHARES TO WAYNE JONES**

### **General**

Following the Remuneration and Nominations Committee meeting on 21 November 2023, the Board approved the payment of the short-term incentives for FY23 to the key management personnel. This included \$30,000 to Wayne Jones, which was agreed to be paid in Shares. Accordingly, based on a share price of \$0.035 at that date, Resolution 9A seeks Shareholder approval to issue 857,000 Shares to Wayne Jones or his nominee for FY23.

Additionally on 20 August 2024 the Board approved the payment of the short-term incentives for FY24 to the key management personnel. This included \$115,000 to Wayne Jones, which was agreed to be paid in Shares. Accordingly, based on a share price of \$0.041 at that date, Resolution 9B seeks Shareholder approval to issue 2,804,878 Shares to Wayne Jones or his nominee for FY24.

### **Background**

As shown in the Remuneration Report, key management personnel remuneration includes a component of short-term incentive aligned with Shareholders interests. Where the agreed targets have been met, the Company pays these incentives in cash or Shares. As appropriate, the Board will pay in Shares rather than cash, to assist the Company's cash position.

Under the Company's current circumstances, the Directors (with the Wayne Jones abstaining) consider that the incentive noted above, represented by the issue of Shares, is a cost effective

and efficient reward and incentive to provide as opposed to alternative forms of incentive such as the payment of cash compensation only.

### **Section 208 of the Corporations Act**

Section 208 of the Corporations Act states that a public company cannot give a "financial benefit" (including an issue of Shares and options) to a "related party" of the Company unless one of the exceptions set out in section 210 to 216 of the Corporations Act apply, or the holders of ordinary securities have approved the giving of the financial benefit to the related party in a general meeting. The Shares are considered to be reasonable remuneration in line with section 211 of the Corporations Act.

Wayne Jones is a related party of the Company within the meaning specified under section 228 of the Corporations Act. Further, the provision of the Shares constitutes a financial benefit within the meaning of section 229 of the Corporations Act. Accordingly, Shareholder approval is sought under section 208 of the Corporations Act to permit the issue of the Shares on the terms set out in Resolution 6 to the Executive Directors (or their nominees) as related parties of the Company.

### **Requirements under section 219 of the Corporations Act**

As required by section 219 of the Corporations Act and Listing Rule 10.11, the following information is provided in relation to Resolution 5:

- (a) the maximum number of Shares (being the nature of the financial benefit being provided) to be granted to the Wayne Jones is 3,662,020 Shares (being 857,000 Shares for FY23 and 2,804,878 Shares for FY24);
- (b) The financial benefit of the Shares has been valued at the closing price of the Shares on the date of the respective resolutions, being 21 November 2023 for Resolution 9A and 20 August 2024 for Resolution 9B.
- (c) The Directors do not consider that there are any opportunity costs to the Company or benefits foregone by the Company in granting the Shares.
- (d) No funds will be raised from the issue of the Shares.
- (e) Wayne Jones, as recipient of the Shares, has a material personal interest in the outcome of the Resolution. No other Director has a material personal interest in the outcome of Resolutions 9A and 9B.

### **Listing Rule 10.11**

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

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

unless it obtains the approval of its ordinary security holders.

It is the view of the Directors that the exceptions set out in Listing Rule 10.12 do not apply in the current circumstances. The Company therefore seeks the required Shareholder approval for the issue of the Shares, under and for the purposes of Listing Rule 10.11.

If Resolutions 9A and/or 9B is passed, the Company will be able to proceed with the issue of the Shares and Wayne Jones will receive the relevant Shares as opposed to alternative forms of incentive such as the payment of cash compensation.

If one or both of Resolutions 9A and/or 9B is not passed, the Company will not proceed with the issue of the relevant Shares and will be required to pay Wayne Jones with an alternative form of incentive which will be a payment of cash compensation.

### **Specific Disclosure required by Listing Rule 10.13**

Pursuant to Listing Rule 10.13, the Company provides the following further information in respect of Resolutions 9A and 9B:

- (a) the Shares under Resolutions 9A and 9B are not being issued under an employee incentive plan and will be issued to Wayne Jones;
- (b) Wayne Jones is a Director of the Company;
- (c) the total number of Shares to be granted to Wayne Jones is 3,662,020 for FY23 and FY24 (being 857,000 Shares for Resolution 9A and 2,804,878 Shares for Resolution 9B);
- (d) the Shares will be issued as soon as practicable after the date of the Meeting, and in any case no later than one (1) month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules), and it is intended that the Shares will all be granted on the same date;
- (e) The Company is of the view that, the proposed issue of Shares:
  - (i) is a fair and reasonable remuneration in lieu of cash payment; and
  - (ii) is in line with the remuneration benefits paid to other executive directors of other companies operating in the Company's industry and business environment.
- (f) the Shares are valued at the closing price of the Shares on the date of the respective resolutions, being 21 November 2023 for Resolution 9A and 20 August 2024 for Resolution 9B;
- (g) the purpose of the issue of the Shares are meant to be a replacement of, not in addition to, cash based remuneration;
- (h) the Director's current total annual remuneration package (before the issue of the Shares under Resolutions 9A and 9B) is \$300,000 plus superannuation and any agreed short and long-term incentives; and
- (i) the Shares will be issued for nil consideration and therefore no loans will be created or funds are to be raised for the issue of the Shares.

### **Directors' Recommendations**

The primary purpose of the grant of the Shares is the remuneration of Wayne Jones for the short-term incentive being that agreed for FY23 and FY24.

Wayne Jones expresses no opinion and makes no recommendation in respect of the issue of

the Shares to him (and/or his nominee) as he has a material personal interest in the outcome of Resolution 9A and Resolution 9B.

Each of the other Directors recommend that shareholders vote in favour of the issue of the Shares to Wayne Jones (and/or his nominee) for the reasons set out in this Explanatory Statement, and intend to vote in favour of the resolution.

### **13. RESOLUTIONS 10A AND 10B – ISSUE OF SHARES TO KIM HOPWOOD**

#### **General**

Following the Remuneration and Nominations Committee meeting on 21 November 2023, the Board approved the payment of the short-term incentives for FY23 to the key management personnel. This included \$21,000 to Kim Hopwood, which was agreed to be paid in Shares. Accordingly, based on a share price of \$0.035 at that date, Resolution 10A seeks Shareholder approval to issue 600,000 Shares to Kim Hopwood or his nominee for FY23.

Additionally on 20 August 2024 the Board approved the payment of the short-term incentives for FY24 to the key management personnel. This included \$80,500 to Kim Hopwood, which was agreed to be paid in Shares. Accordingly, based on a share price of \$0.041 at that date, Resolution 10B seeks Shareholder approval to issue 1,963,415 Shares to Kim Hopwood or his nominee for FY24.

#### **Background**

As shown in the Remuneration Report, key management personnel remuneration includes a component of short-term incentive aligned with Shareholders interests. Where the agreed targets have been met, the Company pays these incentives in cash or Shares. As appropriate, the Board will pay in Shares rather than cash, to assist the Company's cash position.

Under the Company's current circumstances, the Directors (with the Kim Hopwood abstaining) consider that the incentive noted above, represented by the issue of Shares, is a cost effective and efficient reward and incentive to provide as opposed to alternative forms of incentive such as the payment of cash compensation only.

#### **Section 208 of the Corporations Act**

Section 208 of the Corporations Act states that a public company cannot give a "financial benefit" (including an issue of Shares and options) to a "related party" of the Company unless one of the exceptions set out in section 210 to 216 of the Corporations Act apply, or the holders of ordinary securities have approved the giving of the financial benefit to the related party in a general meeting. The Shares are considered to be reasonable remuneration in line with section 211 of the Corporations Act.

Kim Hopwood is a related party of the Company within the meaning specified under section 228 of the Corporations Act. Further, the provision of the Shares constitutes a financial benefit within the meaning of section 229 of the Corporations Act. Accordingly, Shareholder approval is sought under section 208 of the Corporations Act to permit the issue of the Shares on the terms set out in Resolution 6 to the Executive Directors (or their nominees) as related parties of the Company.

#### **Requirements under section 219 of the Corporations Act**

As required by section 219 of the Corporations Act and Listing Rule 10.15, the following information is provided in relation to Resolution 5:

- (a) the maximum number of Shares (being the nature of the financial benefit being provided) to be granted to the Kim Hopwood is 2,563,415 Shares (being 600,000 Shares for Resolution 10A and 1,963,415 Shares for Resolution 10B);

- (b) The financial benefit of the Shares has been valued at the closing price of the Shares on the date of the respective resolutions, being 21 November 2023 for Resolution 10A and 20 August 2024 for Resolution 10B.
- (c) The Directors do not consider that there are any opportunity costs to the Company or benefits foregone by the Company in granting the Shares.
- (d) No funds will be raised from the issue of the Shares.
- (e) Kim Hopwood, as recipient of the Shares, has a material personal interest in the outcome of the Resolution. No other Director has a material personal interest in the outcome of Resolutions 10A and 10B.

### **Listing Rule 10.11**

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

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

unless it obtains the approval of its ordinary security holders.

It is the view of the Directors that the exceptions set out in Listing Rule 10.12 do not apply in the current circumstances. The Company therefore seeks the required Shareholder approval for the issue of the Shares, under and for the purposes of Listing Rule 10.11.

If Resolution 10A and/or Resolution 10B is passed, the Company will be able to proceed with the issue of the Shares and Kim Hopwood will receive the Shares as opposed to alternative forms of incentive such as the payment of cash compensation.

If one or both of Resolution 10A and/or Resolution 10B is not passed, the Company will not proceed with the issue of the relevant Shares and will be required to pay Kim Hopwood with an alternative form of incentive which will be a payment of cash compensation.

### **Specific Disclosure required by Listing Rule 10.13**

Pursuant to Listing Rule 10.13, the Company provides the following further information:

- (a) the Shares under Resolutions 10A and 10B will be issued to Kim Hopwood;
- (b) Kim Hopwood is a Director of the Company;
- (c) the total number of Shares to be granted to Kim Hopwood is 2,563,415 (being 600,000 Shares for Resolution 10A and 1,963,415 Shares for Resolution 10B);
- (d) the Shares will be issued as soon as practicable after the date of the Meeting, and in any case no later than one (1) month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules),

and it is intended that the Shares will all be granted on the same date;

- (e) the Company is of the view that, the proposed issue of Shares:
  - (i) is a fair and reasonable remuneration in lieu of cash payment; and
  - (ii) is in line with the remuneration benefits paid to other executive directors of other companies operating in the Company's industry and business environment.
- (f) the Shares are valued at the closing price of the Shares on the date of the respective resolutions, being 21 November 2023 for Resolution 10A and 20 August 2024 for Resolution 10B;
- (j) the purpose of the issue of the Shares are meant to be a replacement of, not in addition to, cash based remuneration;
- (k) the Director's current total annual remuneration package (before the issue of the Shares under Resolutions 9A and 9B) is \$210,000 plus superannuation and any agreed short and long-term incentives; and
- (l) the Shares will be issued for nil consideration and therefore no loans will be created or funds are to be raised for the issue of the Shares.

#### **Directors' Recommendations**

The primary purpose of the grant of the Shares is the remuneration of Kim Hopwood for the short-term incentive being that agreed for FY23 and FY24.

Kim Hopwood expresses no opinion and makes no recommendation in respect of the issue of the Shares to him (and/or his nominee) as he has a material personal interest in the outcome of Resolutions 10A and 10B.

Each of the other Directors recommend that shareholders vote in favour of the issue of the Shares to Kim Hopwood (and/or his nominee) for the reasons set out in this Explanatory Statement and intend to vote in favour of each of Resolution 10A and Resolution 10B.

## SCHEDULE 1: DEFINITIONS

In the Notice and this Explanatory Memorandum, words importing the singular include the plural and vice versa.

**\$ or A\$** means Australian Dollars.

**Annual Report means** the Directors' Report, the Financial Report and the Auditor's Report in respect to the financial year ended 30 June 2023.

**ASX** means ASX Limited (ACN 008 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX.

**Auditor's Report** means the auditor's report on the Financial Report.

**Board** means the board of Directors.

**Chairman** means the person appointed to chair the Meeting convened by the Notice.

**Closely Related Party** means:

- (a) a spouse or child of the member; or
- (b) has the meaning given in section 9 of the Corporations Act.

**Company** means xReality Group Ltd ABN 39 154 103 607.

**Constitution** means the constitution of the Company.

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

**Director** means a director of the Company.

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

**Eligible Employees** means persons who are employees entitled to receive options under the Plan.

**Equity Security** has the same meaning as in the Listing Rules.

**Explanatory Memorandum** means the explanatory memorandum which forms part of the Notice.

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

**Group** means the Company and its controlled entities.

**Key Management Personnel** means persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

**Listing Rules** means the listing rules of ASX.

**Meeting** has the meaning in the introductory paragraph of the Notice.

**Notice** means this notice of meeting dated 25 October 2024 which comprises of the notice, Explanatory Memorandum and Proxy Form.

**Option** means an option which entitles the holder to subscribe for one Share.

**Proxy Form** means the proxy form attached to the Notice.

**Plan** means the employee share option plan (or **ESOP**) of the Company adopted by the Company and announced on ASX from time to time.

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

**Resolution** means a resolution contained in the Notice.

**Rights Issue** has the meaning given to it in the Prospectus to be lodged under the proposed Rights Issue.

**Options** means the attaching Options from the Rights Issue, the material terms will be substantially similar to the Prospectus to be lodged under the proposed Rights Issue.

**Rights Shortfall** has the meaning given to it in the Prospectus to be lodged under the proposed Rights Issue.

**Share** means an ordinary share in the capital of the Company.

**Shareholder** means a shareholder of the Company.

**Trading Day** means a day determined by ASX to be a trading day in accordance with the Listing Rules.

**VWAP** means the volume weighted average price of the Shares as defined in the Listing Rules.

## SCHEDULE 2: TERMS AND CONDITIONS OF DIRECTORS' SERVICE RIGHTS

1. Each Service Right shall entitle the holder the right to subscribe for one (1) fully paid ordinary share in the capital of the company (**Share**).
2. Subdivision 83A-C of the Income Tax Assessment Act 1997 applies to the Service Rights except to the extent an offer provides otherwise.
3. Each Share allotted as a result of the exercise of a Service Right will, subject to the constitution of the Company, rank in all aspects *pari passu* with the existing ordinary fully paid Shares in the capital of the Company on issue at the date of allotment.
4. A registered owner of a Service Right (**Right Holder**) will be entitled to receive and will be sent all reports, accounts and notices required to be given to members of the company but will not be entitled to attend or vote at any meetings of the members of the Company unless they are members of the Company.
5. Service Rights do not confer any rights or entitlement to a dividend, unless and until the applicable Service Right has been converted into Shares.
6. A certificate or holding statement will be issued by the Company with respect to Service Rights held by a Right Holder. Attached or endorsed on the reversed side of each certificate or holding statement will be, a notice that is to be completed when exercising the Rights the subject of the certificate or holding statement (Notice of Exercise of Rights). Rights may be exercised by the Right Holder completing the Notice of Exercise of Rights and forwarding the same to the secretary of the Company. The Notice of Exercise of Rights must state the number of Rights exercised and the consequent number of ordinary Shares in the capital of the Company to be allotted.
7. On exercise of Rights, the Right Holder must surrender to the Company the Right Holder's Rights certificate or holding statement with respect to those Rights being exercised.
8. Within 14 days from the date the Right Holder properly exercises Rights held by the Right Holder, the Company shall issue and allot to the Right Holder that number of fully paid ordinary Shares in the capital of the Company so subscribed for by the Right Holder.
9. In the event of a reconstruction (including a consolidation, sub-division, reduction, return or pro-rata cancellation) of the issued capital of the company, the number of Rights shall be reconstructed in such a manner that it will not result in any benefits being conferred on the Right Holders which are not conferred on shareholders (subject to the provision with respect to rounding of entitlements sanctioned by the meeting of shareholders approving the reconstruction of capital) but in all other respects the terms of the exercise of Rights shall remain unchanged.
10. There are no participating rights or entitlements inherent in the Rights to participate in any new issues of capital which may be made or offered by the Company to its shareholders from time to time prior to the Right Expiry Date unless and until Rights are exercised. The Company will ensure that during the Exercise Period of the Rights, the record date for the purposes of determining entitlement to any new such issue, will be at least 9 business days after such new issues are announced in order to afford the Right Holder an opportunity to exercise the Rights held by the Right Holder.
11. The Company will not apply for quotation of the Rights on ASX. Rights cannot be transferred.
12. Service Rights do not confer any right to:
  - (a) participate in the surplus of profit or assets of the entity upon winding up; and
  - (b) a return of capital, whether in a winding up, upon a reduction of capital or otherwise.
13. Service Rights do not confer any right to a bonus issue or entitlement issues or issues of other securities convertible into ordinary Shares.