

**WINGARA AG LIMITED**  
**ACN 009 087 469**  
**NOTICE OF ANNUAL GENERAL MEETING**

Notice is given that the Annual General Meeting of the members of Wingara Ag Limited (**Wingara or the Company**) will be held at William Buck, Level 20, 181 William Street, Melbourne, Victoria, at 1.00 pm AEST on 28 August 2019.

---

**BUSINESS**

**FINANCIAL REPORT**

To receive and consider the Annual Financial Statements, the Directors' Report and Audit Report of the Company and its Controlled Entities for the year ended 31 March 2019.

The above documents are contained in the Annual Report. Shareholders who have elected to receive an electronic copy of the Annual Report can download a copy at [Wingara.com.au](http://Wingara.com.au) under the "Investors" tab in the "Reports" section. Shareholders who have elected to receive a hard copy of the Annual Report will receive one with this Notice of Meeting.

**RESOLUTION 1 - ADOPTION OF REMUNERATION REPORT**

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

*That the Remuneration Report contained in the Directors' Report for the year ended 31 March 2019 be adopted.*

**Short Explanation**

The Corporations Act requires listed companies to put to Shareholders at the Annual General Meeting a non-binding resolution concerning the Remuneration Report which is contained in the Directors' Report section of the Annual Report.

Shareholders will be given an opportunity to ask questions concerning the Remuneration Report at the Annual General Meeting.

As stated, Resolution 1 is non-binding.

**Voting Exclusion**

The Company will disregard any votes cast on the proposed resolution for adoption of the remuneration report by or on behalf of:

- (a) a Key Management Personnel (**KMP**) named in the Remuneration Report; or
- (b) a Closely Related Party of a KMP,

whether the votes are cast as a Shareholder, proxy or in any other capacity.

However, the Company will not disregard a vote cast by a KMP or Closely Related Party of a KMP if it is cast as a proxy and it is not cast on behalf of a KMP or a Closely Related Party of a KMP. If the proxy is the Chairman, and the proxy does not specify the way in which the proxy should vote, the Chairman intends to vote in favour of the resolution.

**Important for Resolution 1**

**If you are KMP or a Closely Related Party of KMP (or are acting on behalf of any such person) and purport to cast a vote that will be disregarded by the Company (as indicated above), you may be liable for an offence for breach of voting restrictions that apply to you under the Corporations Act.**

## **RESOLUTION 2 - RETIREMENT OF DIRECTORS BY ROTATION AND BY OPERATION OF THE CONSTITUTION**

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

- 2.1 *That, having been elected during the year and retired pursuant to the Constitution of the Company, Zane Banson be elected as a director.*
- 2.2 *That, having retired pursuant to the Constitution of the Company, Mark Hardgrave be re-elected as a director.*

### **Short Explanation**

The Company's Constitution requires one third of the directors (other than the Managing Director) to retire at each Annual General Meeting, being the directors longest in office since being re-elected by Shareholders at the date of the Annual General Meeting. It also requires any director appointed during the year to retire at the first AGM held after their election. Ms Wells and Mr Etherington must therefore retire and have offered themselves for re-election.

Details of the Directors are contained in the Directors' Report section of the Annual Report.

## **RESOLUTION 3 - APPROVAL TO ISSUE SECURITIES PURSUANT TO EXECUTIVE SHARE OPTION PLAN AND EMPLOYEE SHARE SCHEME**

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

*"That for the purposes of 260(C)(4) of the Corporations Act and Exception 9(b) of ASX Listing Rule 7.2 ("Exception 9") shareholders approve the issue of securities under the Company's Executive Share Option Plan ("ESOP") and Employee Share Scheme (Scheme), on the terms and conditions, as set out in the Explanatory Memorandum, as an exception to ASX Listing Rule 7.1."*

### **Short explanation**

ASX Listing Rule 7.1 requires approval from shareholders for issues of securities in excess of 15% of the issued capital. There are a number of exceptions to this set out in ASX Listing Rule 7.2, including Exception 9, which allows the issue of securities to an employee incentive plan such as the ESOP and Scheme, provided that shareholders have approved the issue of securities within the last three years.

On 18 November 2016 shareholders approved the issue of securities under the ESOP and Scheme. That approval lasts for 3 years, and is about to expire, and Wingara now seeks approval to issue securities under the ESOP and Scheme as an exception to Listing Rule 7.1 for a further next three years.

### **Voting Exclusion**

In accordance with ASX Listing Rules, the Company will disregard any votes cast in favour of this resolution by a Director or any associate of a Director. However, the Company will not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or it is cast by the person changing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

## **RESOLUTION 4 - APPROVAL OF DIRECTORS TO ACQUIRE OPTIONS UNDER THE EXECUTIVE SHARE OPTION PLAN AND SHARES UNDER THE EMPLOYEE SHARE SCHEME**

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

*“That for the purposes of Listing Rule 10.14 and for all other purposes, the acquisition by Mr Gavin Xing, Mr Zane Banson and Mr Mark Hardgrave of Options under the Executive Share Option Plan and Shares under the Employee Share Scheme on the terms and conditions set out in the Explanatory Notes to the Notice of Meeting, be approved*

### **Short explanation**

It is proposed to allow directors to participate in the ESOP and Scheme. Listing Rule 10.14 requires shareholder approval before this can occur. This resolution seeks that approval.

### **Voting exclusion**

The Company will disregard any votes cast in favour of this resolution by or on behalf of the Directors who are eligible to participate in the Executive Share Option Plan or Employee Share Scheme in relation to the Company and, if ASX has expressed an opinion under Listing Rule 10.14.3 that approval is required for participation in the Executive Share Option Plan or Employee Share Scheme by anyone else, that person. However, the Company will not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or it is cast by the person changing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

## **RESOLUTION 5 – 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 purpose of Listing Rule 7.1A and for all other purposes, approval is given for the issue of Equity Securities totalling up to 10% of the issued capital on the date of issue, calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Statement.”*

### **Voting Exclusion**

The Company will disregard any votes cast in favour of this Resolution by a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of Shares), if the resolution is passed, or any associates of those entities. However, the Company will not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

By order of the Board:



Oliver Carton  
Company secretary  
Dated: 9 July 2019

---

## VOTING ENTITLEMENTS

In accordance with section 1074E(2)(g) of the Corporations Act and regulation 7.11.37 of the *Corporations Regulations 2001* (Cth), persons holding shares at 7.00 pm (Melbourne time) on 26 August 2019 will be treated as Shareholders. This means that if you are not the registered holder of a relevant Share at that time you will not be entitled to attend and vote in respect of that Share at the meeting.

## PROXIES

A Shareholder who is entitled to attend and vote at the General Meeting may appoint up to two proxies to attend and vote on behalf of that Shareholder. A Proxy Form is included with this Notice. If you require an additional Proxy Form, please contact Computershare Investor Services Pty Limited.

If a Shareholder appoints two proxies, the appointment of the proxies may specify the proportion or the number of that Shareholder's votes that each proxy may exercise. If the appointment does not specify, each proxy may exercise half of the votes. Fractions of votes will be disregarded. The Proxy Form must be signed by the Shareholder or their duly appointed attorney, or in the case of a body corporate, executed in accordance with the corporation's constitution, or signed by a duly authorised officer or attorney. A proxy need not be a Shareholder of the Company.

To be effective, the Company must receive the completed Proxy Form signed by the Shareholder and, if the form is signed by the Shareholder's attorney or authorised officer of a corporation, the authority under which the Proxy Form is signed (or a certified copy of the authority) by no later than 1:00 pm (Melbourne time) on 26 August 2019, by post or fax to the Company's share registrar, Computershare Investor Services Pty Limited, as listed below.

*In person, by mail, or facsimile*      Computershare Investor Services Pty Limited  
Yarra Falls, 452 Johnston Street, Abbotsford VIC 3067  
GPO Box 242, Melbourne VIC 3001  
1800 783 447 (within Australia)  
+61 3 9473 2555 (outside Australia)

*Online*      [www.investorvote.com.au](http://www.investorvote.com.au)  
For this option, shareholders will require their secure access information as detailed on their personalised proxy form.

*Custodian Voting*      For Intermediary Online subscribers only (custodians), please visit  
[www.intermediaryonline.com](http://www.intermediaryonline.com) to submit your voting intentions.

## BODY CORPORATE REPRESENTATIVES

- A corporation, by resolution of its directors, may authorise a person to act as its representative to vote at the meeting.
- A representative appointed by a corporation may be entitled to execute the same powers on behalf of the corporation as the corporation could exercise if it were an individual shareholder of the Company.
- To evidence the authorisation, either a certificate of body corporate representative executed by the corporation or under the hand of its attorney or an equivalent document evidencing the appointment will be required.
- The certificate or equivalent document must be produced prior to the meeting.

## **VOTING BY PROXIES**

Where more than one proxy is appointed, neither proxy is entitled to vote on a show of hands. A proxy may decide whether to vote on any motion, except where the proxy is required by law or the constitution to vote, or abstain from voting, in their capacity as proxy. If a proxy is directed how to vote on an item of business, the proxy may vote on that item only in accordance with the direction. If a proxy is not directed how to vote on an item of business, the proxy may vote as he or she thinks fit. If a proxy abstains from voting and the directions on the proxy require that person to vote, the votes not exercised by the proxy will be given to the Chairman to vote in accordance with the directions on the Proxy Form.

Subject to the statement below, if a Shareholder appoints the Chairman of the General Meeting as the Shareholder's proxy and does not specify how the Chairman is to vote on an item of business, the Chairman will vote, as proxy for that Shareholder, in favour of that item on a poll.

Please read the directions on the Proxy Form carefully, especially if you intend to appoint the Chairman of the General Meeting as your proxy.

## **UNDIRECTED PROXIES**

The Chairman will vote undirected proxies in favour of all resolutions on the agenda for the General Meeting. The Company recommends that Shareholders who submit proxies should consider giving 'how to vote' directions to their proxyholder on each resolution.

If you complete a proxy form that authorises the Chairman to vote on your behalf as proxyholder, and you do not mark any of the boxes so as to give him directions about how your vote should be cast, you will be expressly authorising the chair to exercise your proxy in accordance the Chairman's stated voting intention on all resolutions even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

If you wish to appoint the Chairman as your proxyholder but you do not want to put him in the position to cast your votes in accordance with Chairman's stated voting intention, you can direct the Chairman by completing the appropriate box on the Proxy Form, to vote against or abstain from voting on the resolutions.

## **EXPLANATORY STATEMENT**

### **INTRODUCTION**

The purpose of this Explanatory Statement is to provide Shareholders with an explanation of the business of the meeting and the Resolution proposed to be considered at the Annual General Meeting.

### **1 FINANCIAL STATEMENTS AND REPORT**

At the Annual General Meeting, Shareholders will be given an opportunity to ask questions and comment on the Directors' Report, Financial Statements and Independent Auditor's Report for the year ended 31 March 2019.

Shareholders who have elected not to receive a hard copy of the Company's 2019 Annual Report can view or download a copy from the Company's website at [www.wingaraag.com.au](http://www.wingaraag.com.au).

The Company's auditors will be present at the meeting and be available to answer questions as to the conduct of the audit and the auditor's report.

### **2 RESOLUTION 1 – REMUNERATION REPORT**

In accordance with section 250R(2) of the Corporations Act, listed companies are required to put to Shareholders at the Annual General Meeting a non-binding resolution concerning the Remuneration Report which is contained in the Directors' Report section of the Annual Report.

As stated the resolution is non binding however if at least 25% of the votes cast on the resolution at the Annual General Meeting are against adoption of the report, then there are the following consequences. The Corporations Act was amended in June 2011 to introduce the “two-strikes” rule. The two strikes rule provides that if at least 25% of the votes cast (excluding KMP and their Closely Related Parties) on the adoption of the remuneration report at two consecutive AGMs are against adopting the remuneration report, members will have the opportunity to vote on a Spill Resolution.

A Spill Resolution is a resolution that a separate meeting be called where all Directors other than the Managing Director retire and can be re-elected.

The Directors recommend that all Shareholders vote in favour of the Remuneration Report.

As stated the Company will disregard any votes cast on the proposed resolution for adoption of the remuneration report by or on behalf of:

- (a) a KMP; or
- (b) a Closely Related Party of a KMP.

### **3 RESOLUTION 2 - RETIREMENT OF DIRECTORS BY ROTATION AND BY OPERATION OF THE CONSTITUTION**

The Wingara Constitution requires directors appointed during the year to retire and offer themselves for election at the first AGM following their appointment. The Constitution also requires one third of Directors, other than the Managing Director, to retire at each Annual General Meeting. Those directors are eligible to be elected by Shareholders. The rules apply this year to Zane Banson and Mark Hardgrave, both of whom seek to be re-elected.

The details and experience of are set out in the Directors' Report section of the Annual Report. In particular:

- Mr Banson was appointed on 8 June 2018. He comes with over 10 years of experience in CFO Advisory, Company Secretarial, and Financial Reporting from KPMG, Exxon Mobil and boutique advisory firms. He has managed and advised a wide range of emerging, growth-stage listed companies. Mr Banson has worked with Wingara AG since 2015 in an advisory capacity before becoming the CFO in November 2018.
- Mr Hardgrave is an Independent Non Executive Director. He has over 35 years' experience having held previous positions in corporate finance, funds management and various C-suite roles. He is currently a non-Executive Director of ASX listed Traffic Technologies Limited, a non-Executive Director of Nimble Finance Limited, a non-Executive Director of Pental Limited and Director of Reclink Australia.

The Chairman recommends that all Shareholders vote in favour of these resolutions. Mr Banson and Mr Hardgrave decline to make a recommendation as they are the subject of the resolutions. The Chairman intends to vote open proxies in favour of them.

#### **4. RESOLUTION 3 - APPROVAL TO ISSUE SECURITIES PURSUANT TO ESOP AND SCHEME**

On 18 November 2016 shareholders approved the issue of securities under the ESOP and Scheme. That approval lasts for 3 years, and is about to expire, and Wingara now seeks approval to issue securities under the ESOP and Scheme as an exception to Listing Rule 7.1 for a further three years.

The key terms and provisions of the ESOP and Scheme are set out in Schedule 1. A copy of the ESOP and Scheme Rules will be given to any shareholder who requests one.

The Board adopted the ESOP and Scheme to assist in reward, retention and motivation of employees by enabling them to acquire options under the ESOP and Scheme. The employees of the Company have been, and will continue to be instrumental in growth of the Company. The Board considers that the ESOP and Scheme are appropriate methods to reward employees for their performance, to provide long term incentives for participation in the Company's future growth and motivate and generate loyalty from employees.

Shareholders should note that as at the date of this Notice of Meeting the following securities have been issued under the ESOP and Scheme.

<b>Name</b>	<b>Type of security</b>	<b>Number</b>
Marcello Diamante	Call options exercisable at \$0.395 expiring 29/10/2020	1,000,000
Kellie Barker	Call options exercisable at \$0.395 expiring 29/10/2020	1,000,000
Zane Banson	Call options exercisable at \$0.48 expiring 10/08/2021	500,000
Roger Prezents	Call options exercisable at \$0.48 expiring 12/06/2021	500,000

#### **4.1 ASX Listing Rules 7.1**

Listing Rule 7.1 requires shareholder approval for an issue of equity securities if, over a rolling 12 months period, the amount of equity securities issued (without prior shareholder approval) is more than 15% of the number of ordinary shares on issue at the start of that 12 month period.

Listing 7.1A requires special shareholder approval for a further issue of equity securities if, over a rolling 12 months period, the amount of equity securities issued is more than 10% of the Company's 15% placement capacity under Listing Rule 7.1.

Listing Rule 7.2 Exception 9 provides that an issue of securities under an employee incentive scheme does not detract from the available 15% limit under Listing Rule 7.1 and the further 10% limit under Listing Rule 7.1A if the issue of securities is made under an employee incentive scheme and that employee incentive scheme was approved by shareholders no more than 3 years before the date of issue.

The ESOP and Scheme are regarded as employee incentive schemes for the purpose of Listing Rule 7.2.

The Company intends that the issue of securities under the ESOP and Scheme not be included when undertaking the calculations pursuant to Listing Rules 7.1 and 7.1A. Accordingly, it is seeking shareholder approval in order for the Company to be able to issue securities pursuant to the ESOP and Scheme and have those securities qualify under Exception 9 of Listing Rule 7.2.

Under section 208 of the Corporations Act and ASX Listing Rules 10.11 and 10.14, any specific issue of securities to a director (and/or its associate) or other relevant persons under an employee incentive scheme will need additional shareholder approval. The Company will seek such additional approval before issuing any securities under the ESOP where required.

Directors recommend that shareholders vote in favour of this resolution and the Chairman will vote undirected proxies in favour of it.

## **5 RESOLUTION 4 - APPROVAL OF DIRECTORS TO ACQUIRE OPTIONS UNDER THE EXECUTIVE SHARE OPTION PLAN AND SHARES UNDER THE EMPLOYEE SHARE SCHEME**

### **5.1 General**

Under Listing Rule 10.14, the Company must not permit a Director or an associate of a Director to acquire securities in the Company under the ESOP or the Scheme referred to in Resolution 3 without the approval of the holders of ordinary securities of the acquisition.

The Directors propose to offer Options under the ESOP to Mr Gavin Xing, Mr Zane Banson and Mr Mark Hardgrave of Options under the Executive Share Option Plan and Shares under the Scheme in accordance with the details in the table set out below, with all such acquirers of Options and Shares being referred to in the table below as **Specified Acquirers**.

### **5.2 Details Required by Listing Rule 10.15A**

If the person is not a Director, the relationship between the person and the Director that requires the approval to be obtained:	All other Specified Acquirers are Directors of the Company.
The maximum number of securities that may be acquired by all persons for whom approval is required, including the formula (if one is used) for calculating the number of securities to be issued:	<p>The maximum number of Options to be issued to the Specified Acquirers under the ESOP is 5% of the total number of underlying Shares currently on issue on a fully diluted basis, being 5,255,267.</p> <p>The maximum number of Shares to be issued to the Specified Acquirers under the Scheme is 5% of the total number of underlying Shares currently on issue on a fully diluted basis, being 5,255,267.</p>



The price (including a statement whether the price will be, or be based on, the volume weighted average market price or closing price), or the formula for calculating the price, for each security to be acquired under the ESOP or Scheme.	<p>For Options issued under the ESOP: the price for the Options may either be nil or, at the discretion of the Company, an amount up to the market value of the Options for income tax purposes under the Tax Act.</p> <p>For Shares issued on the exercise of such Options: the exercise price will be no less than the Market Value of the Shares (but the Board may determine that the exercise price will be a premium to the Market Value).</p> <p>For Performance Rights issued under the Scheme: the price will be nil. If the performance conditions are satisfied, the price for the Shares is nil.</p> <p>For Shares issued under the Scheme as Remuneration Shares: the price will be nil.</p>
The names of all persons who received securities under the Scheme or the ESOP since the last approval, the number of securities received, and the acquisition price for each security.	Refer to the table in section 4
The names of all persons referred to in Listing Rule 10.14 entitled to participate in the ESOP and the Scheme:	Mr Gavin Xing, Mr Zane Banson and Mr Mark Hardgrave
The terms of any loan in relation to the acquisition.	<p>For Shares acquired under the ESOP: Interest free and limited recourse loans may be offered (limited to recourse to the Share subject to the loan only).</p> <p>For Performance Rights or Shares under the Scheme: No loans are provided.</p>
The date by which the Company will issue the securities, which must be no later than 3 years after the meeting.	28 August 2022.

Details of any securities issued under the ESOP or the Scheme will be published in each annual report of the Company relating to a period in which the securities have been issued, and that approval for the issue of securities was obtained under Listing Rule 10.14.

Any additional persons who become entitled to participate in the ESOP or the Scheme after this resolution was approved and who were not named in the Notice of Meeting will not participate until approval is obtained under Listing Rule 10.14.

## **6 RESOLUTION 5 – APPROVAL OF 10% PLACEMENT CAPACITY**

### **6.1 General**

ASX Listing Rule 7.1A provides that an Eligible Entity may seek Shareholder approval at its annual general meeting to allow it to issue Equity Securities up to 10% of its issued capital (**10% Placement Capacity**).

The Company is an Eligible Entity.

If Shareholders approve Resolution 5, the number of Equity Securities the Eligible Entity may issue under the 10% Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (as set out in section 5.2 below).

The effect of Resolution 5 will be to allow the Company to issue Equity Securities up to 10% of the Company's fully paid ordinary securities on issue on the date of issue under the 10% Placement Capacity during the period up to 12 months after the Meeting, without subsequent Shareholder approval and without using the Company's 15% annual placement capacity granted under Listing Rule 7.1.

Resolution 5 is a special resolution. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 5 for it to be passed.

## **5.2 ASX Listing Rule 7.1A**

ASX Listing Rule 7.1A came into effect on 1 August 2012 and enables an Eligible Entity to seek shareholder approval at its annual general meeting to issue Equity Securities in addition to those under the Eligible Entity's 15% annual placement capacity.

An Eligible Entity is one that, as at the date of the relevant annual general meeting:

- is not included in the S&P/ASX 300 Index; and
- has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300 million.

The Company is an Eligible Entity as it is not included in the S&P/ASX 300 Index and has a current market capitalisation of approximately \$120 million.

Any Equity Securities issued must be in the same class as an existing class of quoted Equity Securities. The Company currently has 1 class of Equity Securities on issue, being the Shares (ASX Code: WNR). The exact number of Equity Securities that the Company may issue under an approval under Listing Rule 7.1A will be calculated according to the following formula:

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

Where:

**A** is the number of Shares on issue 12 months before the date of issue or agreement:

- plus the number of Shares issued in the previous 12 months under an exception in ASX Listing Rule 7.2;
- plus the number of partly paid shares that became fully paid in the previous 12 months;
- plus the number of Shares issued in the previous 12 months with approval of holders of Shares under Listing Rules 7.1 and 7.4 and not including issues of securities under the entity's 15% placement capacity without Shareholder approval; and
- less the number of Shares cancelled in the previous 12 months.

**D** is 10%.

**E** is the number of Equity Securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the 12 months before the date of issue or agreement to issue that are not issued with the approval of holders of Ordinary Securities under ASX Listing Rule 7.1 or 7.4.

### **5.3 Technical information required by ASX Listing Rule 7.1A**

Pursuant to and in accordance with ASX Listing Rule 7.3A, the information below is provided in relation to this Resolution 5:

#### **5.3.1 Minimum Price**

The minimum price at which the Equity Securities may be issued is 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 ASX 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 5 ASX trading days of the date in section 4.3(a)(i), the date on which the Equity Securities are issued.

#### **5.3.2 Date of Issue**

The Equity Securities may be issued under the 10% Placement Capacity commencing on the date of the Meeting and expiring on the first to occur of the following:

- 12 months after the date of this Meeting; and
- the date of approval by Shareholders of any transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of the Company's activities) or 11.2 (disposal of the Company's main undertaking) (after which date, an approval under Listing Rule 7.1A ceases to be valid).

#### **(10% Placement Capacity Period).**

The Company will only issue and allot the Equity Securities during the 10% Placement Period. The approval under Resolution 5 for the issue of the Equity Securities will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature and scale of activities) or Listing Rule 11.2 (disposal of main undertaking).

#### **5.3.3 Risk of voting dilution**

Any issue of Equity Securities under the 10% Placement Capacity will dilute the interests of Shareholders who do not receive any Shares under the issue.

If Resolution 5 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 10% Placement Capacity, the economic and voting dilution of existing Shares would be as shown in the table below.

The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in ASX Listing Rule 7.1A(2), on the basis of the current market price of Shares and the current number of Equity Securities on issue as at 5 July 2019.

The table also shows the voting dilution impact where the number of Shares on issue (variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 10% Placement Capacity.

Number of Shares on Issue	Dilution			
	Issue Price (per Share)	\$0.1325 50% decrease in Issue Price	\$0.265 Issue Price	\$0.3975 50% increase in Issue Price
<b>105,105,335 (Current)</b>	<b>10% Voting Dilution</b>	10,510,534	10,510,534	10,510,534
	<b>Funds raised</b>	\$1,392,646	\$2,785,291	\$4,177,937
<b>157,658,003 (50% increase)</b>	<b>10% Voting Dilution</b>	15,765,800	15,765,800	15,765,800
	<b>Funds raised</b>	\$2,088,968	\$4,177,937	\$6,266,905
<b>210,210,670 (100% increase)</b>	<b>10% Voting Dilution</b>	21,021,067	21,021,067	21,021,067
	<b>Funds raised</b>	\$2,785,291	\$5,570,582	\$8,355,874

\*The number of Shares on issue (variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer), that are issued as a result of the exercise of 3,000,000 unlisted options, that are issued with Shareholder approval under Listing Rule 7.1, or ratified at this meeting.

The table above uses the following assumptions:

- There are currently 105,105,335 Shares on issue. This amount does not include:
  - Shares that may be issued as a result of the exercise of 3,000,000 unlisted options.
- 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 issue price set out above is the closing price of the Shares on the ASX on 8 July 2019.
- The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity being 10% of the Company's issued capital on the date of issue.
- The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in ASX Listing Rule 7.2 or with approval under ASX Listing Rule 7.1.

The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.

This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1.

Shareholders should note that there is a risk that:

- the market price for the Company's Shares may be significantly lower on the issue date than on the date of the Meeting; and
- the Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue.

#### **5.3.4 Purpose of Issue under 10% Placement Capacity**

The Company may issue Equity Securities under the 10% Placement Capacity for the following purposes:

- as cash consideration in which case the Company intends to use funds raised for the acquisition of new resources, assets and investments (including expenses associated with such an acquisition), continued exploration (expenditure funds may then be used for project, feasibility studies and ongoing project administration) and general working capital; or
- as non-cash consideration for the acquisition of new resources assets and investments in such circumstances the Company will provide a valuation of the non-cash consideration as required by listing Rule 7.1A.3.

### **5.3.5 Allocation policy under the 10% Placement Capacity**

The Company's allocation policy for the issue of Equity Securities under the 10% Placement Capacity will be dependent on the prevailing market conditions at the time of the proposed placement(s).

The allottees of the Equity Securities to be issued under the 10% Placement Capacity have not yet been determined. However, the allottees of Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company.

The Company will determine the allottees at the time of the issue under the 10% Placement Capacity, having regard to the following factors:

- the purpose of the issue;
- alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;
- the effect of the issue of the Equity Securities on the control of the Company;
- the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;
- prevailing market conditions; and
- advice from corporate, financial and broking advisers (if applicable).

### **5.3.6 Previous Approval under ASX Listing Rule 7.1A**

The Company has previously obtained approval under ASX Listing Rule 7.1A at the 2016, 2017, 2018 and 2017 Annual General Meetings.

During the 12 months prior to the date of this meeting, the Company has issued 8,314,974 Shares, and 500,000 options the details of which are set out in the Annexure B dated 13 August 2018. Shares issued represent approximately 8.6% of the Shares on issue at the start of that period. Shares and all options issued represents approximately 9.1% of the Shares on issue at the start of that period.

The cash raised over the last 12-months has been and will be used for working capital and to further the Company's business plans. The Company reported its cash position at as at 31 March 2019 at \$664,763.

### **5.3.7 Compliance with ASX Listing Rules 7.1A.4 and 3.10.5A**

When the Company issues Equity Securities pursuant to the 10% Placement Capacity, it will give to ASX:

- a list of the allottees of the Equity Securities and the number of Equity Securities allotted to each (not for release to the market), in accordance with Listing Rule 7.1A.4; and
- the information required by Listing Rule 3.10.5A for release to the market.

### **5.3.8 Voting Exclusion**

A voting exclusion statement is included in this Notice. As at the date of this Notice, the Company has not invited any existing Shareholder to participate in an issue of Equity Securities under ASX Listing Rule 7.1A. Therefore, no existing Shareholders will be excluded from voting on Resolution 5.

## **Schedule 1 – Terms and Conditions of ESOP and Scheme**

### **Summary of Terms of Proposed Executive Share Option Plan (ESOP)**

- **Intended Participants**

This ESOP is for executive directors and senior management at the discretion of the Board.

- **Key terms of issue**

Options to acquire Shares that are issued under the ESOP (**Options**) will be for no more than 5% of the issued capital of the Company on a fully diluted basis as at the date of issue of the options during the 3 years after the date of approval of the ESOP. Who participates and the number of options issued to particular persons will be at the discretion of the Board.

The Options may be issued in tranches with vesting at different dates at the discretion of the Board. The options may be issued for nil cash consideration or the Company at its discretion may offer the options at a purchase price. The exercise price will be for no less than the current Market Value of a Share at the date the options are issued, but may be more than that (at a premium). The exercise period for Options will be no less than 3 years from date of issue of options, but may be up to 12 years from date of issue of options. The Company generally intends to satisfy the exercise of options by the issue of unissued shares but will have the discretion to purchase shares on the ASX for this purpose.

At the discretion of the Board the Options will be able to be wholly or partially exercised after vesting.

The Company will have the discretion to choose any time after the vesting date of the Options and before exercise or on exercise of the options, to buy-out the Options at the difference between Market Value of the Shares and the exercise price.

- **Performance Measures**

Performance measures will be required to be satisfied for the Options to vest. The performance measures will be determined at the discretion of the Board and will potentially include revenue targets, EBITDA targets, satisfactory completion of contractual obligations and conclusion of 'merger and acquisition' transactions. Options will not vest (become exercisable) until performance measures are met.

- **Trading Restrictions**

The Options will not be listed on the ASX and will not be able to be disposed of. On exercise of the Options, Shares will be issued to the participant without further risk of forfeiture or disposal restrictions, apart from any generally applicable trading restrictions for senior management and where applicable directors of the Company.

- **Treatment of Cessation of Employment**

Generally, subject to the discretion of the Board, if an employee voluntarily ceases employment or is terminated due to fraud or criminal act, before vesting of the Options, unvested Options will be forfeited. Generally, subject to the discretion of the Board, if employment is otherwise terminated, such as on death, disability or on termination by the Company otherwise than due to fraud, unvested options will not be forfeited.

- **Clawback**

If performance measures for particular unvested options are not met, the Options will be clawed back.

- **Change of Control**

If there is an offer made which will result in a change in control of the Company, all unvested Options may, at the discretion of the Board become vested and exercisable within an exercise period as determined by the Board.

- **Loans to participants and cashless exercise**

The Company will have the discretion whether to offer loans to participants in connection with the ESOP. The loan terms will be at the discretion of the Board and may be interest free and limited recourse (limited to recourse to the Shares subject to the loan only). At the Company's discretion, Shares subject to a loan from the Company will be issued to a nominee chosen by the Company until the loan is repaid in full. If Shares are to be returned to the Company in satisfaction of a limited recourse loan, there will be an employee share scheme buy-back (within the meaning of the Corporations Act) mechanism to facilitate this.

If the exercise price is satisfied by an employer loan, the Board at its discretion can require dividends to be withheld in whole or part and applied towards repayment of the loan.

As an alternative to loan funding, the Board will also have the discretion to offer cashless exercise of options. Cashless exercise will mean an appropriate number of the shares will be sold to fund the exercise price overall.

- **Other Information**

At the discretion of the Board the usual type terms dealing with Company share reorganisations and drag along and tag along rights will be included in the terms of the ESOP.

### **Summary of Terms of Proposed Employee Share Scheme**

- **Intended Participants**

This Scheme is to provide performance rights to Shares (**Performance Rights**) for selected employees of the Company such as site managers or other employees or employee like persons such as contractors or non-executive directors at the discretion of the Board.

This Scheme is to provide shares (**Remuneration Shares**) as reward for service or services for key contractors or directors (executive and non-executive), as an alternative to cash remuneration. The shares may be offered at Market Value or at a discount of up to 25% to Market Value at the Board's discretion.

- **Key terms of issue**

Performance rights or Remuneration Shares issued under the scheme will be for no more than 5% of the issued capital of the Company on a fully diluted basis as at the date of issue of the rights or Remuneration Shares during the 3 years after the date of approval of the Scheme. Who participates and the number of Performance Rights or Remuneration Shares issued to particular persons will be at the discretion of the Board.

The Company generally intends to satisfy the entitlements by the issue of unissued shares but will have the discretion to purchase shares on the ASX for this purpose.

The Company will have the discretion to choose to not issue shares to which the participants have become entitled, but to buy-out the entitlement for cash equivalent of the Market Value of the shares to which the participant is entitled.

- **Performance Measures for Performance Rights**

Performance measures will be required to be satisfied for the Performance Rights to vest. The performance measures will be determined at the discretion of the Board and will potentially include revenue targets, EBITDA targets, satisfactory completion of contractual obligations and conclusion of 'merger and acquisition' transactions. Entitlements will not vest (become exercisable) until performance measures are met.

- **Trading Restrictions**

The Performance Rights cannot be disposed of. The Shares once issued will be listed on the ASX and will be able to be disposed of, subject to any generally applicable trading restrictions such as would apply to Directors of the Company.

- **Treatment of Cessation of Employment etc. for Performance Rights**

Generally, subject to the discretion of the Board, if a participant voluntarily ceases employment or the contractor/director relationship with the Company or is terminated due to fraud or criminal act, before vesting of the options, unvested Performance Rights will be forfeited. Generally, subject to the discretion of the Board, if employment or the contractor/director relationship with the Company is otherwise terminated, such as on death, disability or on termination by the Company otherwise than due to fraud, unvested Performance Rights will not be forfeited.

- **Clawback**

If performance measures for particular unvested Performance Rights are not met, the Performance Rights will be clawed back.

- **Change of Control**

If there is an offer made which will result in a change in control of the Company, all unvested Performance Rights may, at the discretion of the Board become vested.

- **Other Information**

At the discretion of the Board the usual type terms dealing with Company share reorganisations and drag along and tag along rights will be included in the terms of the Scheme.