

# ENEGEX LIMITED

(ABN 28 160 818 986)

## NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting (**Meeting**) of the Members of EnegeX Limited (**Company**) will be held on Thursday, 5<sup>th</sup> November 2020 at **2.00pm** (AEDT).

**In light of the current global outbreak of the Coronavirus (COVID 19) and the Victorian Government's response in restricting gatherings and implementing social distancing requirements, the Company has decided that special arrangements will apply to the Meeting. In the interests of public health and safety, the Company has determined not to allow Shareholders to physically attend the Meeting. The Company will publish a Virtual Meeting Guide on the ASX and the Company's website in the week prior to the Annual General Meeting, outlining how Shareholders will be able to participate in the Meeting via the internet.**

If you are unable to attend the Annual General Meeting please complete and return the enclosed Proxy Form in accordance with the specified directions.

## AGENDA

### ORDINARY BUSINESS

#### 1. Annual Financial Report

To receive and consider the Financial Statements of the Company for the year ended 30 June 2020 and the reports of the Directors and Auditor thereon.

#### 2. Resolution 1: Adoption of the Remuneration Report for the year ended 30 June 2020

To consider and if thought fit, to pass the following as a non-binding and advisory resolution in accordance with section 250R of the Corporations Act:

*"To adopt the Remuneration Report as included in the Directors' Report for the year ended 30 June 2020."*

**3. Resolution 2: To consider the re-election of Mr A.P. Armitage as a Director of the Company**

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

*“That Mr Andrew Peter Armitage, who retires as a Director pursuant to the Constitution and, being eligible, offers himself for re-election and is hereby elected as a Director of the Company.”*

**4. Resolution 3: Grant of Options to Placement Shareholders – Listing Rule 7.1**

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

*“That, in accordance with, and for the purposes of Listing Rule 7.1 and in accordance with Listing Rule 7.3, approval is given to grant institutional, sophisticated and professional investors who participated in the placement announced 18 August 2020 10,000,000 options to acquire ordinary fully paid shares in the capital of the Company at an exercise price of \$0.03 cents per option expiring at 5.00pm AEDT on 31 August 2022, with such options being granted on the terms and conditions set out in out in Note 4 of the Notes to this Notice of Meeting which terms and conditions are hereby incorporated into and form part of this resolution.*

**5. Resolution 4: Issue of Options to director - Ms R.L Clark or her Nominee**

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

*“That, for the purposes of Chapter 2E of the Corporations Act and Listing Rule 10.11.1, approval is given to grant Ms R.L. Clark (or her nominee) 3,000,000 options to acquire ordinary fully paid shares in the capital of the Company expiring at 5.00pm AEDT on 5 November 2023 and as further described in the Explanatory Memorandum.*

**6. Resolution 5: Issue of Options to director - Mr AP Armitage or his nominee**

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

*“That, for the purposes of Chapter 2E of the Corporations Act and Listing Rule 10.11.1, approval is given to grant Mr AP Armitage (or his nominee) 1,000,000 options to acquire ordinary fully paid shares in the capital of the Company expiring at 5.00pm AEDT on 5 November 2023 and as further described in the Explanatory Memorandum.*

**7. Resolution 6: Grant of Options to Executive and Consultant**

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

*“That, in accordance with, and for the purposes of Listing Rule 7.1 and in accordance with Listing Rule 7.3, approval is given to grant an executive and consultant to the Company (or their respective nominee) 2,000,000 options to acquire ordinary fully paid shares in the capital of the Company expiring at 5.00pm AEDT on 5 November 2023, with such options being granted on the terms and conditions set out in out in Note 6 of the Notes to this Notice of Meeting which terms and conditions are hereby incorporated into and form part of this resolution.*

## **SPECIAL BUSINESS**

### **8. Resolution 7. 10% Placement Capacity under Listing Rule 7.1A**

To consider and if thought fit, to pass the following resolution as a special resolution:

*“That for the purposes of Listing Rule 7.1A and for all other purposes, the issue of up to 10% of the Company’s share capital, calculated in accordance with Listing Rule 7.1A and on the terms and conditions set out in the Explanatory Memorandum, is approved.”*

## **OTHER BUSINESS**

To transact any other business which may be properly brought before the Meeting in accordance with the Company’s Constitution and the Corporations Act.

## **NOTES**

### **Requisite Majorities**

Resolutions 1 to 6 are ordinary resolutions and will be passed only if supported by a simple majority of the votes cast by Shareholders entitled to vote on the resolutions.

Resolution 7 is a special resolution and will be passed only if supported by 75% of votes cast by members present and eligible to vote at the Meeting.

### **Voting Exclusion Statement**

#### *Resolution 1 - Remuneration Report*

A vote may not be cast (in any capacity) on Resolution 1 by or on behalf of any of the following persons:

- (a) a member of the *Key Management Personnel*, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of a member of the Key Management Personnel.

However, a person described in (a) or (b) may cast a vote on Resolution 1 if:

- (c) the person does so as a proxy appointed in writing that specifies how the proxy is to vote on the proposed resolution; and
- (d) the vote is not cast on behalf of a person described in (a) or (b).

### *Resolution 3 – Grant of Options to Placement Shareholders*

In accordance with the provisions of Chapter 2E of the Corporations Act 2001 and the requirements of ASX Listing Rule 7.1 the Company will disregard any votes cast in favour of this Resolution by or on behalf of a person who is expected to participate in, or will obtain a material benefit as a result of, the proposed grant (except a benefit solely by reason of being a Shareholder) or any associates of those persons. However, the Company will not disregard a vote if:

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

### *Resolution 4 – Grant of Options to Director - RL Clark*

In accordance with the provisions of Chapter 2E of the Corporations Act 2001 and the requirements of ASX Listing Rule 10.13 the Company will disregard any votes cast in favour of Resolution 4 by RL , any Associate of RL Clark and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the entity). However, the Company will not disregard a vote if:

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

#### *Resolution 5 – Grant of Options to Director - AP Armitage*

In accordance with the provisions of Chapter 2E of the Corporations Act 2001 and the requirements of ASX Listing Rule 10.13 the Company will disregard any votes cast in favour of Resolution 4 by AP Armitage, any Associate of AP Armitage and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the entity). However, the Company will not disregard a vote if:

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

Please note, in accordance with sections 250BD(1) and (2) of the Corporations Act, the Chairman will not vote any undirected proxies in relation to these Resolutions unless the Shareholder expressly authorises the Chairman to vote in accordance with the Chairman's stated voting intentions.

#### *Resolution 6 – Grant of Options to consultants*

In accordance with the provisions of Chapter 2E of the Corporations Act 2001 and the requirements of ASX Listing Rule 7.1 the Company will disregard any votes cast in favour of this Resolution by or on behalf of a person who is expected to participate in, or will obtain a material benefit as a result of, the proposed grant (except a benefit solely by reason of being a Shareholder) or any associates of those persons. However, the Company will not disregard a vote if:

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

Please note, in accordance with sections 250BD(1) and (2) of the Corporations Act, the Chairman will not vote any undirected proxies in relation to these Resolutions unless the

Shareholder expressly authorises the Chairman to vote in accordance with the Chairman's stated voting intentions.

*Resolution 7 – 10% Placement Capacity*

In accordance with the provisions of Chapter 2E of the Corporations Act 2001 and the requirements of ASX Listing Rule 7.1 the Company will disregard any votes cast in favour of this Resolution by or on behalf of a person who is expected to participate in, or will obtain a material benefit as a result of, the proposed grant (except a benefit solely by reason of being a Shareholder) or any associates of those persons. However, the Company will not disregard a vote if:

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

At the date of the Notice the Company had not approached any Member or an identifiable class of Members to participate in the issue of equity securities. No Member's vote will therefore be excluded under the voting exclusion statements in the Notice.

Members should be aware that the Directors and their Associates may not participate in the placement of any equity securities pursuant to this resolution by virtue of the restrictions contained in LR 10.11 relating to placements of securities to related parties.

**Explanatory Memorandum**

The Explanatory Memorandum accompanying this Notice of Meeting is incorporated in and comprises part of this Notice of Meeting.

By order of the Board

**ENEGEX LIMITED**



**Robert Wright**  
Company Secretary  
29 September 2020

## EXPLANATORY NOTES TO THE BUSINESS OF THE MEETING

### Note 1: Annual Financial Report of the Company

The Financial Statements and related reports for the last financial year are contained in the Company's 2020 Annual Report and will be laid before the Meeting. While no Resolution is required, Members are encouraged to ask questions of the Directors and the Auditor and make comments on the Financial Statements and reports.

The Auditor responsible for preparing the Auditor's Report for the year ended 30 June 2020, (or his representative) will attend the Meeting. The Chairman will also allow a reasonable opportunity for Members to ask the Auditor questions about the:

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

To assist the Directors and the Auditor in responding to questions, please submit your questions by mail to Egegex Limited, 108 Marlborough Street, Bentleigh East Vic 3165 or by email to [admin@enegex.com](mailto:admin@enegex.com) so they are received by no later than 5:00pm (AEDT) on Thursday, 29 October 2020, being five (5) business days prior to the Meeting.

As required under section 250PA of the Corporations Act, at the Meeting the Company will distribute a list setting out the questions directed to the Auditor that have been received in writing from Members, being questions the Auditor considers relevant to the content of the Auditor's Report or the conduct of the audit of the Consolidated Financial Statements for the year ended 30 June 2020. The Chairman will allow reasonable opportunity for the Auditor to respond to the questions set out in this list.

### Note 2: Resolution 1 - Remuneration Report

The Remuneration Report, which is included in the Directors' Report section of the Company's 2020 Annual Report, will be laid before the Meeting. While the Resolution to adopt it is not binding on the Company or the Directors, Members are encouraged to ask questions and make comments on the Remuneration Report. You should also note that the following voting restrictions apply in relation to voting on the Remuneration Report.

#### Voting exclusion statement

A vote may not be cast (in any capacity) on Resolution 1 by or on behalf of any of the following persons:

- a) a member of the *Key Management Personnel*, details of whose remuneration are included in the Remuneration Report; or
- b) a *Closely Related Party* of a member of the *Key Management Personnel*.

However, a person described in (a) or (b) may cast a vote on Resolution 1 if:

- c) the person does so as a proxy appointed in writing that specifies how the proxy is to vote on the proposed Resolution; and
- d) the vote is not cast on behalf of a person described in (a) or (b).

The Directors unanimously recommend eligible Members vote in favour of adopting the Remuneration Report.

### Note 3: Resolution 2 – Re-election of Mr A.P. Armitage as a Director

The Company's Constitution requires that at every Annual General Meeting one third of the Directors (other than the Managing Director) shall, by rotation, retire from office and provides that such Director or Directors are eligible for re-election. Mr Armitage retires by rotation and is seeking re-election at the Meeting. Biographical information for Mr Armitage can be found in the Company's annual report and on the company's website: [www.enegex.com](http://www.enegex.com). The Directors, other than Mr Armitage, unanimously recommend all Members vote in favour of the re-election of Mr Armitage.

### Note 4: Resolution 3: Proposed grant of options to placement shareholders

#### Background

On 20 August 2020 the Company completed a placement of 20,000,000 fully paid ordinary shares that raised \$440,000 (before costs) at \$0.022 (2.2 cents) per share, with unlisted options to be granted on a 1 for 2 basis, exercisable at \$0.03 on or before 31 August 2022, subject to shareholder approval at the next Annual General Meeting.

#### Application of Listing Rules 7.1 and 7.3

In compliance with Listing Rules 7.1 and 7.3 the following information is provided in relation to resolution 3 on the Notice of Meeting:

- (a) The maximum number of Options which will be issued under the resolution is 10,000,000 Options as specified in resolution 3.
- (b) The date by which Enegex will issue the Options will be not later than 12 November 2020 which is not later than one (1) week after the date of the Meeting.
- (c) The Options are issued free of cost as incentive Options.
- (d) The persons to whom the options will be granted are **Placement Shareholders** defined as those shareholders who were issued a total of 20,000,000 ordinary full paid shares in total in Enegex Limited (ASX Code: ENX) on 20 August 2020.

#### ***Terms of options***

The proposed terms of grant of options are as follows:

- Each of the 10,000,000 options will entitle the holder to subscribe for one ordinary share in Enegex Limited (the Company) upon the payment of an amount of \$0.03.
- All of the options granted to placement shareholders will lapse at 5.00pm (AEDT) on 31 August 2022 (Expiry Date).
- The options are not transferable to any person other than an Associate of the grantee (within the meaning of the Corporations Act 2001) without the prior approval of the Board of Directors of the Company.
- There are no participating rights or entitlements inherent in these options and holders of the options will not be entitled to participate in new issues of capital that may be offered to shareholders during the currency of the option or in the payment of any dividend without having exercised the option prior to the record date to determine entitlements to any such entitlements or distributions.
- In the event of any re-organisation (including reconstruction, consolidation, subdivision, reduction or return of capital) of the issued capital of the Company, the options will be re-organised in respect to number and exercise price as required by the Listing Rules, but in all other respects the terms of exercise will remain unchanged.
- The option shall be exercisable at any time during the period ending on or before the Expiry Date (Exercise Period), by the delivery to the registered office of the Company of a notice in writing (Notice) stating the intention of the optionholder accompanied by an Option Certificate or Holding Statement and a cheque or electronic transfer made payable to the Company for the subscription monies for



the shares to be issued on exercise of the options the subject of the Notice. The Notice and cheque or electronic transfer must be received by the Company during the Exercise Period. An exercise of only some options shall not affect the rights of the optionholder to the balance of the options held by him.

- The Company shall allot the resultant shares and deliver a statement of shareholdings with a Holders' Identification Number within 5 business days of exercise of the options.
  - The shares allotted shall rank, from the date of allotment, equally with the existing ordinary shares of the Company in all respects.
- (e) No funds will be raised by the grant of the Options.
- (f) In accordance with the requirements of ASX Listing Rule 7.1 the Company advises that it will disregard any votes cast on Resolution 3 on the Notice of Meeting by any of the persons named in paragraph (d) above and otherwise, a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the entity).

## **Note 5: Resolutions 4-5 – Grant of Options to Directors**

### Background

The Company does not pay directors fees to directors and the Board believes that the grant of Options to the Directors in Resolutions 4 to 5 is reasonable and appropriate and constitutes an important incentive for Directors.

The Board considers that the grant of the Options is a cost-effective method of aligning the interests of Directors and shareholders whilst maintaining the Company's cash reserves.

The Board resolved on 23 September 2020 to grant (subject to Shareholder approval) an aggregate of 4,000,000 unlisted Options to two of its directors.

As at the date the Board resolved to issue Options to the directors the 5-day VWAP of the Company's shares was \$0.062 per share.

### Terms of options

The proposed terms of grant of options are as follows:

- (a) Each of the 4,000,000 options granted will entitle the holder to subscribe for one ordinary share in EnegeX Limited (the Company) upon the payment of the Exercise Price. The **(Exercise Price)** of the options will be the price that is 50% greater than the 5 day VWAP of the Company Ordinary Fully Paid Shares (ASX Code: ENX) prior to the day that Shareholder approval is obtained (4 November 2020).
- (b) All of the 4,000,000 options will lapse at 5.00pm (AEDT) on 5 November 2023 **(Expiry Date)**
- (c) The options are not transferable to any person other than an Associate of the grantee (within the meaning of the Corporations Act 2001) without the prior approval of the Board of Directors of the Company.
- (d) There are no participating rights or entitlements inherent in these options and holders of the options will not be entitled to participate in new issues of capital that may be offered to shareholders during the currency of the option or in the payment of any dividend without having exercised the option prior to the record date to determine entitlements to any such entitlements or distributions.

- (e) In the event of any re-organisation (including reconstruction, consolidation, subdivision, reduction or return of capital) of the issued capital of the Company, the options will be re-organised in respect to number and exercise price as required by the Listing Rules, but in all other respects the terms of exercise will remain unchanged.
- (f) The option shall be exercisable at any time during the period ending on or before the Expiry Date (**Exercise Period**), subject to holders' continuing involvement with the company in the form of ongoing employment and/or consultancy arrangements, by the delivery to the registered office of the Company of a notice in writing (**Notice**) stating the intention of the optionholder accompanied by an Option Certificate or Holding Statement and a cheque or electronic transfer made payable to the Company for the subscription monies for the shares to be issued on exercise of the options the subject of the Notice. The Notice and cheque or electronic transfer must be received by the Company during the Exercise Period. An exercise of only some options shall not affect the rights of the optionholder to the balance of the options held by him.
- (g) The Company shall allot the resultant shares and deliver a statement of shareholdings with a Holders' Identification Number within 5 business days of exercise of the options.
- (h) The shares allotted shall rank, from the date of allotment, equally with the existing ordinary shares of the Company in all respects.

#### Application of Listing Rules 10.11 and 10.13 and 10.13.8

In compliance with Listing Rules 10.11, 10.13 and 10.13.8 the following information is provided in relation to resolutions, 4 and 5 on the Notice of Meeting.

- (a) The names of the grantees of the Options are as set out in resolutions resolutions 4 (RL Clark) and 5 (AP Armitage);
- (b) The Related Parties are Ms Raewyn Clark and Mr Peter Armitage who are related parties under listing rule 10.11.1 by virtue of being Directors;
- (c) The maximum number of Options which will be issued under resolution 4 is 3,000,000 options. The maximum number of Options which will be issued under resolution 5 is 1,000,000 options. In aggregate, a total of 4,000,000 options will be granted under resolutions 4 and 5.
- (d) The date by which the Company will issue the Options will be not later than 5 December 2020 which is not later than one (1) month after the date of the Meeting.
- (e) The grantees of the Options the subject of resolutions 4 and 5 are each directors of the Company as named in the resolutions (or their respective nominees who will be their respective Associates within the meaning of the Corporations Act).
- (f) The Options are issued free of cost as incentive Options. The exercise price of 4,000,000 Options will be the price that is 50% greater than the 5 day VWAP of the Company Ordinary Fully Paid Shares (ASX Code: ENX) prior to the day that Shareholder approval is obtained (4 November 2020)
- (g) No funds will be raised by the grant of the Options.
- (h) The remuneration from the Company to the Directors for the previous financial year and the proposed remuneration and emoluments for the current financial year are set out below:

Related Party	Current Financial Year	Previous Financial Year
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Raewyn Clark	\$Nil	\$Nil
Peter Armitage	\$Nil	\$Nil

- (i) A voting exclusion for each resolution is included in the Notice of Meeting.

In relation to each of resolutions 4 and 5, if approval is given by such resolution to grant options to the director named in such resolution (or to that director's nominee) under Listing Rule 10.11 further approval to grant such options is not required under Listing Rule 7.1.

**4,000,000 Options – Exercise Price 9.9 cents \* – Expiry Date 5 Nov 2023**

\* The actual exercise price of the Director Options will be the be the price that is 50% greater than the 5 day VWAP of the Company Ordinary Fully Paid Shares (ASX Code: ENX) prior to the day that Shareholder approval is obtained (4 November 2020).

The options proposed to be granted have a pro forma value based on current share prices using Black Scholes binomial model. That valuation has determined a value of \$0.0113 for each option with total values as shown in the table below:

<b><i>Name of Director</i></b>	<b><i>No. of Options</i></b>	<b><i>Black Scholes Valuation</i></b>
RL Clark	3,000,000	\$89,209
AP Armitage	1,000,000	\$29,736
<b>Total</b>	<b>4,000,000</b>	<b>\$117,945</b>

Separate from director's remuneration various director related entities received payment for services provided on normal commercial terms and conditions as set out in note 13 to the 2020 Annual Financial Statements.

Ms Clark and Mr Armitage's interests in existing securities in the capital of the Company are as follows.

<b><i>Name of Director</i></b>	<b><i>No. of Fully Paid Shares held</i></b>
RL Clark	75,000
AP Armitage	Nil

**Option pro forma Valuation**

The valuation of the options as at 23 September 2020 using a binomial model shows a current value per option of \$0.0297 per option, based on the following assumptions:

- A current share price of \$0.066;
- an exercise price of \$0.099
- the options being granted on 5 November 2020 and expiring on 5 November 2023;
- a risk-free rate of 0.27% for Commonwealth Treasury Bond yields with a maturity approximating the expiry date of the options.
- a volatility factor of 87% calculated by reference to the average volatility of various other relevant companies.

#### Recent market prices of Enegelex shares on ASX

During the 90-day period to 24 September 2020, the shares traded in a range of \$0.014 to \$0.081 per share. Volume weighted average share price ("VWAP") for various periods are set out below:

<b>VWAP Period</b>	<b>VWAP</b>	<b>Volume</b>	<b>Value Traded \$</b>
30 Day	\$ 0.0483	70,589,923	3,411,550
90 Day	\$ 0.0415	123,374,083	5,119,862

Subject to shareholder approval and prior to grant the offer option exercise price will be fully determined and valued in accordance with Black Scholes method appropriate to the offer.

#### Related Party Requirements of Chapter 2E of the Corporations Act 2001

The requirements of Section 219 of the Act as set out in Chapter 2E thereof require that certain information must be provided to members to enable them to vote in relation to each of the resolutions to be put to the meeting.

Each Director named in the resolution proposing the grant of options to that Director has an interest in the outcome of that resolution. The nature of the financial benefit which may be obtained by each of the named Directors as related parties of the Company is that those Directors (or their nominees) will be granted the options which have values as summarised above.

It is important for members to recognise that for the value in the related party benefit constituted by the grant of the options to be realisable by the optionholder, that the options must be exercised as they are, generally, not transferable.

The acquisition by any person of options does not change voting power. That voting power will only change in accordance with changes in the relevant interests in shareholdings of any member or of those of his associates.

### Director's recommendations

The Corporations Act requires in Section 219, inter alia, that, in relation to each director of the company, it must be set out herein:

- (a) if the director wanted to make a recommendation to members about the proposed resolution—the recommendation and his or her reasons for it; or
- (b) if not—why not; or
- (c) if the director was not available to consider the proposed resolution—why not.

Accordingly the following information is provided. Insofar as each resolution relating to the issue of options to the specific Director named in the resolution is concerned, that Director in each case refrains from making any recommendation on the outcome of that resolution because that Director is interested in the outcome of the resolution.

### **Note 6: Resolution 6: Proposed grant of options to Executive and Consultant**

#### Background

The Board considers that the grant of Options to an executive and a consultant is a cost-effective method of aligning the interests of consultants and shareholders whilst maintaining the Company's cash reserves.

The Board resolved on 23 September 2020 to grant (subject to Shareholder approval) an aggregate of 2,000,000 unlisted Options to an executive and a consultant.

As at the date the Board resolved to issue Options to the executive and consultant the 5-day VWAP of the Company's shares was \$0.062 per share.

#### Application of Listing Rules 7.1 and 7.3

In compliance with Listing Rules 7.1 and 7.3 the following information is provided in relation to resolution 6 on the Notice of Meeting.

- (a) The maximum number of Options which will be issued under the resolution is 2,000,000 Options in total as specified in resolution 6: 1,000,000 options to the executive and 1,000,000 options to the consultant.
- (b) The date by which Enegex will issue the Options will be not later than 5 December 2020 which is not later than one (1) month after the date of the Meeting.
- (c) The Options are issued free of cost as incentive Options.
- (d) The persons to whom the options will be granted are Robert Wright and Brett Maltz.

#### ***Terms of options***

The proposed terms of grant of options are as follows:

- Each of the 2,000,000 options granted to consultants will entitle the holder to subscribe for one ordinary share in Enegex Limited (the Company) upon the payment of an amount equal to the Exercise Price. The **(Exercise Price)** of the options will be the price that is 50% greater than the 5 day VWAP of the Company Ordinary Fully Paid Shares (ASX Code: ENX) prior to the day that Shareholder approval is obtained (4 November 2020).
- All of the options granted to consultants will lapse at 5.00pm (AEDT) on 5 November 2023 (Expiry Date).

- The options are not transferable to any person other than an Associate of the grantee (within the meaning of the Corporations Act 2001) without the prior approval of the Board of Directors of the Company.
  - There are no participating rights or entitlements inherent in these options and holders of the options will not be entitled to participate in new issues of capital that may be offered to shareholders during the currency of the option or in the payment of any dividend without having exercised the option prior to the record date to determine entitlements to any such entitlements or distributions.
  - In the event of any re-organisation (including reconstruction, consolidation, subdivision, reduction or return of capital) of the issued capital of the Company, the options will be re-organised in respect to number and exercise price as required by the Listing Rules, but in all other respects the terms of exercise will remain unchanged.
  - The option shall be exercisable at any time during the period ending on or before the Expiry Date (Exercise Period), subject to holders' continuing involvement with the company in the form of ongoing employment and/or consultancy arrangements, by the delivery to the registered office of the Company of a notice in writing (Notice) stating the intention of the optionholder accompanied by an Option Certificate or Holding Statement and a cheque or electronic transfer made payable to the Company for the subscription monies for the shares to be issued on exercise of the options the subject of the Notice. The Notice and cheque or electronic transfer must be received by the Company during the Exercise Period. An exercise of only some options shall not affect the rights of the optionholder to the balance of the options held by him.
  - The Company shall allot the resultant shares and deliver a statement of shareholdings with a Holders' Identification Number within 5 business days of exercise of the options.
  - The shares allotted shall rank, from the date of allotment, equally with the existing ordinary shares of the Company in all respects.
- (e) No funds will be raised by the grant of the Options.
- (f) In accordance with the requirements of ASX Listing Rule 7.1 the Company advises that it will disregard any votes cast on Resolution 4 on the Notice of Meeting by any of the persons named in paragraph (d) above and otherwise, a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the entity).

## **Note 7: Resolution 7 - Approval of 10% Placement Capacity under Listing Rule 7.1A**

Under Resolution 7, the Company is seeking Members' approval of a Special Resolution to renew the Company's capacity to issue the maximum number of additional equity securities permitted under ASX Listing Rule 7.1A. This Listing Rule (**LR**) permits the placement of new equity securities (calculated in accordance with LR 7.1A.2) as described here:

ASX 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 = The number of fully paid ordinary shares on issue at the commencement of the 12 months immediately preceding the date of issue or agreement to issue:

plus the number of fully paid ordinary securities issued in the 12 months under an exception to ASX Listing Rule 7.2 other than exception 9, 16 or 17;

plus the number of fully paid ordinary securities issued in the relevant period on the conversion of convertible securities within ASX Listing 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 these rules to have been approved under ASX Listing Rule 7.1 or 7.4;

plus the number of fully paid ordinary securities issued in the relevant period under an agreement to issue securities within ASX Listing 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 under these rules to have been approved under ASX Listing Rule 7.1 or rule 7.4;

plus the number of any other fully paid ordinary securities that became fully paid in the relevant period

less the number of fully paid ordinary securities cancelled in the last 12 months

Note that A has the same meaning in ASX Listing Rule 7.1 when calculating an entity's 15% placement capacity.

D = 10%

E = the number of equity securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the last 12 months immediately preceding the date of issue of the shares where the issue or agreement has not been subsequently approved by the holders of its ordinary securities under ASX Listing Rule 7.4

As Resolution 7 is a Special Resolution, it requires approval of 75% of the votes cast by Members present and eligible to vote at the Meeting.

### **Eligibility criteria**

Under LR 7.1A an eligible entity may, subject to shareholder approval by way of special resolution, make such a 10% Placement in addition to the 15% new issue capacity available to ASX-listed entities under LR 7.1. An eligible entity for the purposes of LR 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 not included in the S&P/ASX 300 Index and has a market capitalisation of significantly less than \$300 million, so is an eligible entity.

### **Placement capacity under Listing Rule 7.1A**

As at the date of this Notice, the Company had 100,499,737 ordinary shares on issue. Therefore, in addition to any equity securities it can issue under LR 7.1, if Resolution 7 is approved, the Company will have capacity to issue up to 10,049,974 equity securities under LR 7.1A, being up to 10% of the 100,499,737 fully paid ordinary shares presently on issue. However, the number of equity securities that may be issued under LR 7.1A may increase beyond 100,499,737, as the actual number of fully paid shares on issue may increase by the date of any issue that may be made should Resolution 7 be approved.

### **Minimum issue price**

In accordance with LR 7.1A, equity securities issued under the 10% Placement can only be issued at a price that is equivalent to not less than 75% of the volume weighted average price (**VWAP**) of the Company's equity securities of the same class calculated over the 15 trading days on which trades in its Shares were recorded immediately before:

- the date on which the issue price of the equity securities is agreed; or
- the issue date (if the equity securities are not issued within ten trading days of the date on which the issue price is agreed).

### **10% Placement Period**

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A commences on the date of the annual general meeting at which the approval is obtained and expires on the first to occur to the following:

- the date that is 12 months after the date of the annual general meeting at which the approval is obtained;
- the time and date of the Company's next annual general meeting; or
- the time and date of the approval by shareholders of ordinary securities of a transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking).

Shareholder approval under LR 7.1A does not lapse if the Company's market capitalisation subsequently exceeds \$300 million or it is included in the S&P/ASX 300 Index at some time during the placement period; provided the Company meets the criteria under LR 7.1A on the date of the Meeting.



## **Dilution to existing shareholdings**

If Resolution 7 is approved by Members and the Company issues equity securities under the 10% Placement, there is a potential risk of economic and voting dilution to existing Shareholders as a result.

Further, as the market price of the equity securities may be significantly lower on the issue date of the 10% Placement than on the date of approval at the Meeting, and because equity securities may be issued at a price that is at a discount to the market price on the issue date, there is a risk that the 10% Placement may raise less funding than it would if it was based on current market prices.

The economic dilution will reflect that existing Shareholders who do not participate in the 10% Placement will have their underlying economic interests in the Company's assets diluted pro rata to the dilution in their shareholdings.

Additionally, as the issue price of any equity securities issued under the 10% Placement capacity may be at a discount to the equivalent VWAP of the Company's Shares traded over the 15 trading days prior to their issue price being set or the equity securities being issued, a further economic effect of such a placement may be a reduction in the market price or value of their then existing equity holding in the capital of the Company. Whether such a reduction in market price or value occurs, and if so for how long it continues, will depend on factors not presently known, including the purpose for which the 10% Placement may be made. The converse outcomes may also occur.

It is not possible to set out further economic effects which may arise from the 10% Placement, as they are unknown in advance of such a placement being made.

## **Details of all issues of equity securities by EnegeX during the 12 months preceding the date of the meeting as required by Listing Rule 7.3A6.**

On 20 August 2020 EnegeX completed a placement of 20M fully paid ordinary shares that raised \$440,000 at \$0.022 (2.2 cents) per share, before costs, with unlisted options to be issued on a 1 for 2 basis, exercisable at \$0.03 on or before 31 August 2022. The Company was approached by a group of Sophisticated and Professional investors with an offer of investment which has been accepted, and settled through Fresh Equities Pty Ltd. The funds raised will be used to advance exploration at the Company's projects, particularly its South West Terrane initiative where the Company has established an extensive tenement position in this emerging region.

Of the 20,000,000 fully paid ordinary shares issued 7,925,039 were issued under LR7.1A. This is 9.8% of the ordinary fully paid shares at the beginning of the 12 months preceding the date of the meeting

## **Table showing various hypothetical scenarios as required by Listing Rule 7.3A.4**

As required by LR 7.3A.4, the table below shows a number of hypothetical scenarios for the 10% Placement where Variable "A" in the formula in LR 7.1A.2 (representing the Company's share capital) has increased by either 50% or 100% and the share price has decreased by 50% or increased by 100% from the approximate share price as at the date of this Notice.

DILUTION				
<b>Variable “A” in LR 7.1A.2 is presently 100,499,737 fully paid shares</b>  <b>Current Capital comprises 100,499,737 shares</b> <b>No increase in capital.</b> <b>Variable A remains 100,499,737 shares</b>		<b>10% Placement Issue Price \$0.033</b>  <b>(being a 50% decrease in Issue Price below current share price)</b>	<b>10% Placement Issue Price \$0.066</b>  <b>(being the current Share Price)</b>	<b>10% Placement Issue Price \$0.132</b>  <b>(being a 100% increase in Issue Price above current share price)</b>
	<b>Number of Shares</b>	10,049,974	10,049,974	10,049,974
	<b>Funds raised (excluding capital raising costs) <sup>1</sup></b>	\$331,649	\$663,298	\$1,326,597
<b>50% increase in capital to 150,749,606 shares by issue of 50,249,869 shares.</b> <b>Variable A increases to 150,749,606 shares</b>	<b>Number of Shares<sup>2</sup></b>	15,074,961	15,074,961	15,074,961
	<b>Funds raised<sup>1</sup></b>	\$497,474	\$994,947	\$1,989,895
<b>100% increase in capital to 200,999,474 shares by issue of 100,499,737 shares.</b> <b>Variable A increases to 200,999,474 fully paid shares</b>	<b>Number of Shares<sup>3</sup></b>	20,099,947	20,099,947	20,099,947
	<b>Funds raised<sup>1</sup></b>	\$663,298	\$1,326,597	\$2,653,193

<sup>1</sup> Rounded to nearest whole dollar

<sup>2</sup> No of Shares rounded to nearest whole Share

The table has been prepared on the following hypothetical assumptions but the Company does not represent the assumptions will necessarily occur:

- the Company issues the maximum number of Shares available under the 10% Placement.
- any increase in Variable A (being the Company’s issued share capital at the time of issue under the 10% Placement) is due solely to an issue of Shares which is an exception in LR 7.2; for example a pro-rata rights issue. However, a 15% placement under LR 7.1 does not increase Variable “A” for the purposes of calculating the placement capacity under LR 7.1A.
- the table shows only the effect of issues of shares under LR 7.1A, not under the 15% placement capacity available to ASX listed entities under LR 7.1.

- the table does not show the dilution that may be caused to any particular Shareholder by reason of placements of Shares under LR 7.1A, based on that Shareholder's holding at the date of the Meeting. For instance, Shareholders will have different outcomes depending on whether or not they participate in a pro-rata issue which has the effect of increasing Variable "A"; and
- the current price for shares is assumed to be \$0.066, being the price on 24 September 2020 shortly prior to lodgement of this Notice with ASX.

### **Purpose of the 10% Placement**

The Company may seek to issue equity securities under the 10% Placement at a cash issue price, in which case the Company would use the funds for existing projects, to fund new venture opportunities, as working capital generally or for other corporate purposes

### **Allocation policy**

The allottees of any 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.

No priority of application will be accorded to existing shareholders and, unless the 10% Placement was made with disclosure, the allottees will be excluded offerees under section 708(8), 708(10) or 708(11) of the Corporations Act.

Subject to the above provisos, the Company will determine the allottees and the manner of their selection at the time of the issue of the 10% Placement, having regard for the following factors:

- the purpose of the issue of equity securities;
- 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 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 advisors (if applicable).

### **Recommendation**

As at the date of the Notice containing these Explanatory Notes, the Company has no plans to raise additional capital utilising the 10% Placement authority provided by Resolution 7. However, many eligible resource companies are, as a matter of corporate prudence, seeking to obtain this form of available shareholder approval to enable capital raisings to be made, if appropriate, during the 12 months following the Meeting. Accordingly, Members' approval of Resolution 7 is considered prudential.

The Directors believe Resolution 7 will provide the Company with the flexibility to raise capital quickly if advantageous terms are available or if required for funding the Company and where doing so is in the best interests of the Company.

The Directors unanimously recommend that all Members vote in favour of Resolution 7.

## Voting Generally

- The Company has determined that, in accordance with regulation 7.11.37 of the Corporations Regulations 2001 (Cwth), the holders of shares of the Company who are on the Company's share register as at 2.00pm (AEDT) on 3 November 2020 will be taken for the purposes of the Meeting to be held by the persons who held them at that time. Accordingly, those persons will be entitled to attend and vote at the Meeting.
- **A shareholder that is an individual may attend and vote in person at the meeting. In light the current global outbreak of the Coronavirus (COVID 19) and the Victorian Government's response in restricting gatherings and implementing social distancing requirements, the Company has decided that special arrangements will apply to the Meeting. In the interests of public health and safety, the Company has determined not to allow Shareholders to physically attend the Meeting. Please refer to the Virtual Meeting Guide which will be published on the ASX and Company's website in the week prior to the General Meeting as to how Shareholders will be able to participate in the Meeting via the internet.**
- A Member entitled to attend and vote at the Meeting is entitled to appoint not more than two proxies to attend and vote on their behalf. Where more than one proxy is appointed, such proxy must be allocated a proportion of the Member's voting rights.
- A proxy duly appointed need not be a Member.
- A proxy form accompanies this Notice and to be effective, the form and any document necessary to show the validity of the form must be lodged with the Company not less than 48 hours before the time appointed for the Meeting. Any proxy lodged after that time will be treated as invalid.
- Directors and Officers of corporate shareholders should note that unless the corporate shareholder either:
  - (a) completes and lodges with the Company a valid form of appointment of proxy in accordance with the instructions on the enclosed proxy form; or
  - (b) completes and either lodges with the Company prior to the Meeting a form of appointment of personal representative in accordance with the provisions of Section 250D of the Corporations Act or causes such personal representative to attend the Meeting with such form of appointment; or
  - (c) has appointed an attorney,and such proxy, personal representative or attorney attends the Meeting, then such corporate shareholder will be unable to exercise any votes at the Meeting.
- Proxy and corporate appointment of representative forms may be returned to the Company in the manner detailed at point 6 on the reverse of the proxy form.
- Corporate shareholders should comply with the execution requirements set out above and on the reverse of the proxy form and otherwise comply with the provisions of Section 127 of the Corporations Act, as detailed at point 7 on the reverse of the proxy form.
- Completion of a proxy form will not prevent individual Members from attending the Meeting in person if they wish. Where a Member completes and lodges a valid proxy form and attends the Meeting in person then the proxy's authority to speak and vote for that Member is suspended while the Member is present at the Meeting.
- Where a proxy form or form of appointment of personal representative is lodged and is executed under power of attorney the power of attorney must be lodged in like manner as a proxy.