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**TALGA RESOURCES LTD**  
**ACN 138 405 419**  
**NOTICE OF ANNUAL GENERAL MEETING**

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**TIME:** 2:30pm (WST)

**DATE:** Thursday, 12 November 2020

**PLACE:** The Meeting will be conducted as a virtual meeting

*This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.*

*The AGM will be held as a virtual meeting. If you are a Shareholder and you wish to virtually attend the AGM, please pre-register in advance for the virtual meeting here:*  
[https://us02web.zoom.us/webinar/register/WN\\_BlRV-0oSoKGuPOJqgtsvA](https://us02web.zoom.us/webinar/register/WN_BlRV-0oSoKGuPOJqgtsvA)

*Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary, Dean Scarparolo on (+61) 8 9481 6667.*

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## IMPORTANT INFORMATION

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### TIME AND PLACE OF MEETING

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Notice is given that the Annual General Meeting of the Shareholders to which this Notice of Meeting relates will be held at 2:30pm (WST) on Thursday, 12 November 2020 (**Meeting**).

Given the significant health concerns attributed to the COVID-19 pandemic and the state travel restrictions in place, the Company considers that it is appropriate to hold the Meeting as a virtual meeting to provide Shareholders the opportunity to participate in the Meeting. Shareholders will not be able to attend the Meeting In person.

In accordance with section 5(1)(f) of the *Corporations (Coronavirus Economic Response) Determination (No. 3) 2020* made by the Commonwealth Treasurer on 21 September 2020, the Notice is being made available to Shareholders electronically and can be viewed and downloaded online at the following link: <http://www.talgagroup.com/irm/content/asx-announcements.aspx?RID=8>.

Instructions on how to attend the Meeting and vote are in the Explanatory Memorandum which forms part of this Notice.

### YOUR VOTE IS IMPORTANT

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The business of the Annual General Meeting affects your shareholding and your vote is important.

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

### VOTING ELIGIBILITY

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The Directors have determined pursuant to Regulation 7.11.37 of the *Corporations Regulations 2001 (Cth)* that the persons eligible to vote at the Meeting are those who are registered Shareholders at 5.00pm (WST) on Tuesday, 10 November 2020.

### HOW TO ATTEND THE VIRTUAL MEETING

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If you wish to attend the Meeting (which will be broadcast as a live webinar), please pre-register in advance for the virtual Meeting here:

[https://us02web.zoom.us/webinar/register/WN\\_BLrRV-0oSoKGuPOJqgtsvA](https://us02web.zoom.us/webinar/register/WN_BLrRV-0oSoKGuPOJqgtsvA)

After registering, you will receive a confirmation containing information on how to attend the virtual meeting on the day of the Annual General Meeting.

Shareholders will be able to vote and ask questions at the virtual Meeting. Details for how to vote and ask questions are provided below.

### VOTING

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Shareholders are encouraged to vote by voting online or by completing a Proxy Form.

All resolutions will be decided on a poll. The poll will be conducted based on votes submitted by proxy and at the Meeting by Shareholders who have indicated that they intend to vote at the Meeting in accordance with the instructions provided on the following page.

## To vote by proxy

To vote by proxy:

1. Please lodge the Proxy Form online at <https://investor.automic.com.au/#/loginsah> by following the below instructions:

Login to the Automic website using the holding details as shown as the Proxy Form.

Click on 'Meetings' - 'Vote.

To use the online lodgement facility, Shareholders will need their holder number (either Security Holder Reference Number (SRN) or Holder Identification Number (HIN)) as shown on the front of the Proxy Form;

2. Alternatively, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, members are advised that:

- each member has a right to appoint a proxy;
- the proxy need not be a member of the Company; and
- a member who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with Clause 6.14(n) of the Constitution, each proxy may exercise one-half of the votes.

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does:**

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- if the proxy is not the chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
  - the proxy is not recorded as attending the meeting;
  - the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

### **To vote virtually during the Meeting**

Shareholders who do not have an account with Automic are strongly encouraged to register for an account as soon as possible and well in advance of the Meeting to avoid any delays on the day of the Meeting. To create an account with Automic, please go to the Automic website (<https://investor.automic.com.au/#/home>), click on 'register' and follow the steps. Shareholders will require their holder number (Shareholder Reference Number (SRN) or Holder Identification Number (HIN)) to create an account with Automic.

To attend and vote on the day of the Meeting:

1. Login to the Automic website (<https://investor.automic.com.au/#/home>) using your username and password.
2. Once registration for the virtual Meeting is open, click on 'Meeting open for registration' and follow the steps.
3. Once live voting for the virtual Meeting is open, click on 'Meeting open for voting' and follow the steps.

### **ASKING QUESTIONS**

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A discussion will be held on all items to be considered at the Meeting.

Shareholders are asked to submit questions in writing as soon as possible, and preferably at least two Business Days prior to the Meeting to [info@talgroup.com](mailto:info@talgroup.com). The Company will also provide Shareholders with the opportunity to ask questions during the Meeting in respect of the formal items of business.

The Company will endeavour to give all Shareholders a reasonable opportunity to ask questions via the virtual Meeting platform, including an opportunity to ask questions of the Company's external auditor.

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

- All shareholder questions should be stated clearly and should be relevant to the business of the Meeting, including matters arising from the Annual Report and general questions about the performance, business or management of the Company.
- If a Shareholder has more than one question on an item, all questions should be asked at one time.
- Shareholders should not ask questions at the Meeting regarding personal matters or those that are commercial in confidence.

### **CHAIR'S VOTING INTENTIONS**

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The Chair intends to exercise all available proxies in favour of all Resolutions, unless the Shareholder has expressly indicated a different voting intention.

Subject to the following paragraph, if the Chair is appointed as your proxy and you have not specified the way the Chair is to vote on any of the Resolutions by signing and returning the Proxy Form, you are considered to have provided the Chair with an express authorisation for the Chair to vote the proxy in accordance with the Chair's intention, even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel of the Company.

If the Chair is a person referred to in the voting prohibition statement applicable to a Resolution under section 224 of the Corporations Act, the Chair will only be able to cast a vote as proxy for you on the relevant Resolution if you are entitled to vote and have specified your voting intention in the Proxy Form. Shareholders are therefore encouraged to specify their voting intention for every Resolution in the Proxy Form.

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## **NOTICE OF ANNUAL GENERAL MEETING**

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Notice is given that the Annual General Meeting of Shareholders will be held at 2:30pm (WST) on Thursday, 12 November 2020. The Annual General Meeting will be held virtually.

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

The Directors have determined pursuant to Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Annual General Meeting are those who are registered Shareholders at 5.00 pm (WST) on Tuesday, 10 November 2020.

Terms and abbreviations used in this Notice of Meeting are defined in the Glossary.

## **AGENDA**

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### **ANNUAL REPORT**

To consider the Annual Report of the Company and its controlled entities for the financial year ended 30 June 2020, which includes the Financial Report, the Directors' Report and the Auditor's Report.

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### **1. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT**

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

*"That the Remuneration Report be adopted by Shareholders."*

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

#### **Voting Prohibition**

In accordance with sections 250BD and 250R of the Corporations Act, a vote on this Resolution must not be cast (in any capacity) by or on behalf of a member of the Key Management Personnel details of whose remuneration are included in the Remuneration Report, or a Closely Related Party of such a member.

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

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

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## 2. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – TERRY STINSON

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

*"That pursuant to and in accordance with Article 7.4(b) of the Constitution, Listing Rule 14.4 and for all other purposes, Terry Stinson retires and, being eligible and offering himself for re-election, be re-elected as a Director."*

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## 3. RESOLUTION 3 – APPROVAL OF 10% PLACEMENT FACILITY

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

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

### **Voting Exclusion**

The Company will disregard any votes cast in favour of this Resolution, if at the time of the Meeting, the Company is proposing to make an issue of Equity Securities under Listing Rule 7.1.A.2, by or on behalf of any person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a Shareholder), or any associate of those persons.

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

- (a) a person as proxy or attorney for a person who is entitled to vote, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way;
- (b) the Chair as proxy or attorney for a person who is entitled to vote, 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.

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#### 4. RESOLUTION 4 - RATIFICATION OF PRIOR ISSUE OF 2020 PLACEMENT SHARES

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

*"That pursuant to and in accordance with Listing Rule 7.4, the issue of 20,000,000 Shares at \$0.50 per Share to raise \$10 million is approved."*

##### **Voting Exclusion**

The Company will disregard any votes cast in favour of this Resolution by or on behalf of a person who participated in the issue, or an associate of those persons.

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

- (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;
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the 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.

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#### 5. RESOLUTION 5 – APPROVAL TO ISSUE PERFORMANCE RIGHTS TO NON-EXECUTIVE DIRECTORS

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

*"That pursuant to and in accordance Listing Rule 10.14, sections 208 and 195(4) of the Corporations Act and for all other purposes, Shareholders approve the issue of Performance Rights to Directors (or their respective nominees) under the Scheme as follows:*

- (a) up to 600,000 Performance Rights to Terry Stinson;
  - (b) up to 500,000 Performance Rights to Grant Mooney;
  - (c) up to 500,000 Performance Rights to Stephen Lowe; and
  - (d) up to 500,000 Performance Rights to Ola Mørkved Rinnan,
- on the terms and conditions in the Explanatory Memorandum."*

##### **Voting Exclusion**

The Company will disregard any votes cast in favour of these Resolutions by or on behalf of any person referred to in rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the Scheme or any of their respective associates.



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

- (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;
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the 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.

### **Voting Prohibitions**

In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on these Resolutions if:

- (a) the proxy is either a member of the Key Management Personnel or a Closely Related Party of such member; and
- (b) the appointment does not specify the way the proxy is to vote on the Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

Further, in accordance with section 224 of the Corporations Act, a vote on these Resolutions must not be cast (in any capacity) by or on behalf of a related party of the Company to whom the relevant Resolution would permit a financial benefit to be given, or an associate of such a related party.

However, the above prohibition does not apply if:

- (a) it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the Resolution; and
- (b) it is not cast on behalf of a related party of the Company to whom the Resolution would permit a financial benefit to be given, or an associate of such a related party.

Please note: If the Chair is a person referred to in the section 224 Corporations Act voting prohibition statement above, the Chair will only be able to cast a vote as proxy for a person who is entitled to vote if the Chair is appointed as proxy in writing and the Proxy Form specifies how the proxy is to vote on the relevant Resolution.

If you purport to cast a vote other than as permitted above, that vote will be disregarded by the Company (as indicated above) and you may be liable for breaching the voting restrictions that apply to you under the Corporations Act.

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**6. RESOLUTION 6 - APPROVAL TO ISSUE INCENTIVE OPTIONS TO MANAGING DIRECTOR**

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

*"That pursuant to and in accordance Listing Rule 10.14 and section 208 of the Corporations Act and for all other purposes, Shareholders approve the issue of up to 4,000,000 Incentive Options to Mark Thompson (or his nominee) under the Scheme on the terms and condition in the Explanatory Memorandum."*

**Voting Exclusion**

The Company will disregard any votes cast in favour of these Resolutions by or on behalf of any person referred to in rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the Scheme or any of their respective associates.

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

- (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;
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the 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.

**Voting Prohibitions**

In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on these Resolutions if:

- (a) the proxy is either a member of the Key Management Personnel or a Closely Related Party of such member; and
- (b) the appointment does not specify the way the proxy is to vote on the Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

Further, in accordance with section 224 of the Corporations Act, a vote on these Resolutions must not be cast (in any capacity) by or on behalf of a related party of the Company to

whom the relevant Resolution would permit a financial benefit to be given, or an associate of such a related party.

However, the above prohibition does not apply if:

- (a) it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the Resolution; and
- (b) it is not cast on behalf of a related party of the Company to whom the Resolution would permit a financial benefit to be given, or an associate of such a related party.

Please note: If the Chair is a person referred to in the section 224 Corporations Act voting prohibition statement above, the Chair will only be able to cast a vote as proxy for a person who is entitled to vote if the Chair is appointed as proxy in writing and the Proxy Form specifies how the proxy is to vote on the relevant Resolution.

If you purport to cast a vote other than as permitted above, that vote will be disregarded by the Company (as indicated above) and you may be liable for breaching the voting restrictions that apply to you under the Corporations Act.

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**7. RESOLUTION 7 – APPROVAL OF CHANGE OF COMPANY NAME**

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

*“That pursuant to and in accordance with section 157 of the Corporations Act and for all other purposes, the name of the Company be changed to ‘Talga Group Ltd’ with effect from the date that ASIC alters the details of the Company’s registration.”*

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**DATED: 29 SEPTEMBER 2020  
BY ORDER OF THE BOARD**



**DEAN SCARPAROLO  
COMPANY SECRETARY**

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## EXPLANATORY MEMORANDUM

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This Explanatory Memorandum has been prepared for the information of the Shareholders in connection with the business to be conducted at the Annual General Meeting to be held as a virtual meeting at 2:30pm (WST) on Thursday, 12 November 2020.

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

The Explanatory Memorandum provides the following information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions contained within the Notice of Meeting:

Section 1	Financial Statements and Reports – Agenda Item
Section 2	Resolution 1 – Adoption of Remuneration Report
Section 3	Resolution 2 – Re-election of Director – Terry Stinson
Section 4	Resolution 3 – Approval of 10% Placement Facility
Section 5	Resolution 4 – Ratification of Prior Issue of 2020 Placement Shares
Section 6	Resolution 5 – Approval to Issue Performance Rights to Non-Executive Directors
Section 7	Resolution 6 – Approval to Issue Incentive Options to Managing Director
Section 8	Resolution 7 – Approval of change of Company name

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### 1. FINANCIAL STATEMENTS AND REPORTS – AGENDA ITEM

In accordance with the Constitution and section 317 of the Corporations Act, Shareholders will be offered the opportunity to discuss the Annual Report, the Financial Report, the Directors' Report, and the Auditor's Report for the financial year ended 30 June 2020.

There is no requirement for Shareholders to approve the Company's annual financial report.

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

- (a) discuss the Company's annual financial report which is available on its website at [www.talgagroup.com](http://www.talgagroup.com) or on the ASX platform for "TLG" at [www.asx.com.au](http://www.asx.com.au);
- (b) ask questions about, or comment on, the management of the Company; and
- (c) ask the auditor questions about the conduct of the audit and the preparation and content of the Auditor's Report.

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

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

- (c) accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- (d) the independence of the auditor in relation to the conduct of the audit,

may be submitted no later than two Business Days before the Meeting to the Company Secretary at info@talgroup.com or the Company's registered office.

The Company will not provide a hard copy of the Company's Financial Report to Shareholders unless specifically requested to do so.

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## **2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT**

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

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

If the Company's Remuneration Report receives a 'no' vote of 25% or more (**Strike**) at two consecutive annual general meetings, Shareholders will have the opportunity to remove the whole Board, except the managing director (if any).

Where a resolution on the Remuneration Report receives a Strike at two consecutive annual general meetings, the Company will be required to put to Shareholders at the second annual general meeting a resolution on whether another meeting should be held (within 90 days) at which all Directors (other than the managing director, if any) who were in office at the date of approval of the applicable Directors' Report must stand for re-election.

The Company's Remuneration Report did not receive a Strike at the 2019 annual general meeting. If the Remuneration Report receives a Strike at this Meeting, Shareholders should be aware that if a second Strike is received at the 2021 annual general meeting, this may result in the re-election of the Board.

The Chair will allow a reasonable opportunity for Shareholders as a whole to ask about, or make comments on the Remuneration Report.

Resolution 1 is an ordinary resolution.

Given the personal interests of all Directors in this Resolution, the Board makes no recommendation to Shareholders regarding this Resolution.

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## **3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR - TERRY STINSON**

### **3.1 General**

Article 7.4(b) of the Constitution and Listing Rule 14.4 both provide that a Director (excluding the Managing Director) must not hold office without re-election past the third annual general meeting following that Director's appointment or three years, whichever is longer.

Article 7.4(b) of the Constitution provides that a Director who retires in accordance with Article 7.4(b) is eligible for re-election.

Non-Executive Director Mr Terry Stinson was first appointed as a Director on 8 February 2017, and his appointment was approved by Shareholders at the annual general meeting held on

24 November 2017. Accordingly, Mr Stinson retires at this Meeting and, being eligible, seeks re-election pursuant to Resolution 2.

The Board considers Mr Stinson to be an independent Director.

### 3.2 Terry Stinson

Mr Stinson was first appointed as a Director of the Company on 8 February 2017.

Mr Stinson has over 35 years' Executive and non-Executive Director experience, working for global innovation companies across a range of industry segments, along with a proven track record of establishing and leading international business collaborations and joint ventures.

Formerly the CEO and Managing Director of Orbital Corporation, VP for Global Fuel Systems at Siemens AG, CEO and Managing Director of Synerject and VP of Manufacturing Outboard Marine Corporation, Mr Stinson is currently the Non-Executive Chairman of wave energy technology developer, Carnegie Clean Energy Limited, and a Non-Executive Director of Aurora Labs.

Mr Stinson has a Bachelor of Business Administration, majoring in Operations Management, from Marian University in Wisconsin, United States, and a fellow of the Australian Institute of Company Directors.

Mr Stinson has acknowledged to the Company that he will have sufficient time to fulfil his responsibilities as a Director.

### 3.3 Additional information

Resolution 2 is an ordinary resolution.

The Board (other than Mr Stinson) unanimously recommends that Shareholders vote in favour of Resolution 2 for the following reasons:

- (a) Mr Stinson has the necessary level of experience, particularly in automotive and engine manufacturing and engineering;
- (b) Mr Stinson has pertinent qualifications and skill set; and
- (c) Mr Stinson has demonstrated a high level of requisite corporate leadership and continues to make a valuable contribution to the Board.

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## 4. RESOLUTION 3 – APPROVAL OF 10% PLACEMENT FACILITY

### 4.1 General

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed entity can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that period.

Under Listing Rule 7.1A, however, an eligible entity can seek approval from its members by way of a special resolution passed at its annual general meeting, to increase this 15% limit by an extra 10% to 25% (**10% Placement Facility**).

An 'eligible entity' means an entity which is not named in the S&P/ASX 300 Index and which has a market capitalisation of \$300 million or less. The Company is an eligible entity for these purposes.

Resolution 3 seeks Shareholder approval by way of a special resolution for the Company to have the additional 10% Placement Facility provided for in Listing Rule 7.1A to issue Equity Securities without Shareholder approval.

If Resolution 3 is passed, the Company will be able to issue Equity Securities up to the combined 25% limit in the Listing Rules 7.1 and 7.1A without any further shareholder approval.

If Resolution 3 is not passed, the Company will not be able to access the additional 10% capacity to issue Equity Securities without Shareholder approval provided for in Listing Rule 7.1A and will remain subject to the 15% limit on issuing equity securities without shareholder approval set out in Listing Rule 7.1.

The number of Equity Securities that could be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 4.2(c) below).

## **4.2 Listing Rule 7.1A**

### **(a) Is the Company an eligible entity?**

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

The Company is an eligible entity as it is not included in the S&P/ASX 300 Index and has a market capitalisation of approximately \$209.97 million, based on the closing price of Shares \$0.795 on 29 September 2020.

If on the date of the Meeting, the Company's market capitalisation exceeds \$300 million or it has been included in the S&P/ASX 300 Index, this Resolution 3 will no longer be effective and will be withdrawn.

### **(b) What Equity Securities can be issued?**

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the eligible entity.

As at the date of the Notice, the Company has on issue one quoted class of Equity Securities; Shares.

### **(c) How many Equity Securities can be issued?**

Listing Rule 7.1A.2 provides that under the approved 10% Placement Facility, the Company may issue or agree to issue a number of Equity Securities calculated in accordance with 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:

(A) plus the number of fully paid Shares issued in the 12 months:

(1) under an exception in Listing Rule 7.2 (other than exception 9, 16 or 17);

(2) on the conversion of convertible securities within Listing Rule 7.2 exception 9 where:

- the convertible securities were issued or agreed to be issued before the 12 month period; or
  - the issue of, or agreement to issue, the convertible securities was approved, or taken under the Listing Rules to have been approved, under Listing Rule 7.1 or 7.4;
- (3) under an agreement to issue securities within Listing Rule 7.2 exception 16 where:
- the agreement was entered into before the 12 month period; or
  - the agreement or issue was approved, or taken under the Listing Rules to be approved, under Listing Rule 7.1 or 7.4; and
- (4) with Shareholder approval under Listing Rule 7.1 or 7.4. This does not include any issue of Shares under the Company's 15% annual placement capacity without Shareholder approval;
- (B) plus the number of partly paid shares that became fully paid in the 12 months; and
- (C) less the number of fully paid Shares cancelled in the 12 months.

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

**D** is 10%.

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

(d) **What is the interaction with Listing Rule 7.1?**

The Company's ability to issue Equity Securities under Listing Rule 7.1A will be in addition to its 15% annual placement capacity under Listing Rule 7.1.

(e) **At what price can the Equity Securities be issued?**

Any Equity Securities issued under Listing Rule 7.1A must be issued for a cash consideration per security which is not less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 Trading Days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed by the Company and the recipient of the Equity Securities; or
- (ii) if the Equity Securities are not issued within 10 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued,

**(Minimum Issue Price).**

(f) **When can Equity Securities be issued?**



Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A will be valid from the date of Meeting and will expire on the earlier to occur of:

- (i) the date that is 12 months after the date of the Meeting;
- (ii) the time and date of the Company's next annual general meeting; or
- (iii) the date of Shareholder approval of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

**(10% Placement Period).**

**(g) What is the effect of Resolution 3?**

The effect of Resolution 3 will be to allow the Directors to issue the Equity Securities under Listing Rule 7.1A during the 10% Placement Period without further Shareholder approval or using the Company's 15% annual placement capacity under Listing Rule 7.1.

### **4.3 Specific information required by Listing Rule 7.3A**

Pursuant to and in accordance with Listing Rule 7.3A, the following information is provided in relation to the 10% Placement Facility:

**(a) Final date for issue**

The Company will only issue the Equity Securities under the 10% Placement Facility during the 10% Placement Period (refer to Section 4.2(f) above).

Shareholder approval of the 10% Placement Facility will cease to be valid if Shareholders approve a transaction under Listing Rule 11.1.2 or 11.2

**(b) Minimum issue price**

Where the Company issues Equity Securities under the 10% Placement Facility, it will only do so for cash consideration and the issue price will be not less than the Minimum Issue Price (refer to Section 4.2(e) above).

**(c) Purposes of issues under 10% Placement Facility**

The Company may seek to issue Equity Securities under the 10% Placement Facility for cash consideration in order to raise funds for continued investment in the Company's current assets, the acquisition of new assets or investments (including expenses associated with such an acquisition), and/or for general working capital.

**(d) Risk of economic and voting dilution**

Shareholders should note that there is a risk that:

- (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Meeting; and
- (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date,

which may have an effect on the amount of funds raised by the issue of the Equity Securities.

If this Resolution is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' economic and voting power in the Company may be diluted as shown in the below table.

The below table shows the potential dilution of existing Shareholders based on the current market price of Shares and the current number of Shares for 'A' calculated in accordance with the formula in Listing Rule 7.1A.2 (see Section 4.2(c)) as at the date of the Notice (**Variable A**), with:

- (i) two examples where Variable A has increased, by 50% and 100%; and
- (ii) two examples of where the issue price of Shares has decreased by 50% and increased by 100% as against the current market price.

Variable 'A' in Listing Rule 7.1A.2*		Dilution		
		\$0.398 50% decrease in Issue Price	\$0.795 Issue Price	\$1.59 100% increase in Issue Price
Current Variable A 264,118,495 Shares	10% Voting Dilution	26,411,850 Shares	26,411,850 Shares	26,411,850 Shares
	Funds raised	\$10,498,710.18	\$20,997,420.35	\$41,994,840.71
50% increase in current Variable A 396,177,743 Shares	10% Voting Dilution	39,617,774 Shares	39,617,774 Shares	39,617,774 Shares
	Funds raised	\$15,748,065.26	\$31,496,130.53	\$62,992,261.06
100% increase in current Variable A 528,263,990 Shares	10% Voting Dilution	52,823,699 Shares	52,823,699 Shares	52,823,699 Shares
	Funds raised	\$20,997,420.35	\$41,994,840.71	\$83,989,681.41

**Notes:**

1. The table has been prepared on the following assumptions:
  - (a) The issue price is the current market price (\$0.795), being the closing price of the Shares on ASX on 29 September 2020, being the latest practicable date before this Notice was signed.
  - (b) Variable A is 264,118,495 comprising the number of Shares currently on issue. This assumes that the Company has not issued any Shares in the 12 months prior to the Meeting that were not issued under an exception in Listing Rule 7.2 or with Shareholder approval under Listing Rule 7.1 and 7.4.
  - (c) The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
  - (d) No convertible securities are exercised or converted into Shares before the date of the issue of the Equity Securities.
  - (e) The issue of Equity Securities under the 10% Placement Facility consists only of Shares. If the issue of Equity Securities includes quoted Options, it is assumed that those quoted Options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.

2. The number of Shares on issue (ie Variable A) may increase as a result of issues of Shares that do not require Shareholder approval (for example, a pro rata entitlements issue, scrip issued under a takeover offer or upon exercise of convertible securities) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting.
3. 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%.
4. The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of the Meeting.
5. The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.

(e) **Allocation policy**

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:

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

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

Further, if the Company is successful in acquiring new projects, assets or investments, it is possible that the allottees under the 10% Placement Facility will be the vendors of the new projects, assets or investments.

(f) **Issues in the past 12 months**

The Company did not obtain Shareholder approval under Listing Rule 7.1A at its previous annual general meeting and has not issued or agreed to issue any Equity Securities under Listing Rule 7.1A in the 12 month period preceding the date of the Meeting.

(g) **Voting exclusion statement**

At the date of the Notice, the Company is not proposing to make an issue of Equity Securities under Listing Rule 7.1A and has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in any such issue.

However, in the event that between the date of the Notice and the date of the Meeting, the Company proposes to make an issue of Equity Securities under Listing Rule 7.1A to one or more existing Shareholders, those Shareholders' votes will be excluded under the voting exclusion statement in the Notice.

#### 4.4 Additional information

Resolution 3 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders eligible to vote.

The Board recommends that Shareholders vote in favour of Resolution 3.

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### 5. RESOLUTION 4 - RATIFICATION OF PRIOR ISSUE OF 2020 PLACEMENT SHARES

#### 5.1 General

On 20 August 2020, the Company announced it had received binding commitments for a placement to raise \$10 million (before costs) by the issue of 20,000,000 Shares at \$0.50 each (**2020 Placement Shares**) to institutional and sophisticated investors.

On 26 August 2020, the Company issued the 2020 Placement Shares using the Company's placement capacity under Listing Rule 7.1.

#### 5.2 Listing Rules 7.1 and 7.4

A summary of Listing Rule 7.1 is in Section 4.1 above.

The issue of the 2020 Placement Shares does not fit within any of the exceptions to Listing Rule 7.1 and, as it has not yet been approved by the Company's Shareholders, it effectively uses up part of the 15% limit in Listing Rule 7.1, reducing the Company's capacity to issue further Equity Securities without Shareholder approval under Listing Rule 7.1 for the 12 month period following the issue of the 2020 Placement Shares.

The Company wishes to retain as much flexibility as possible to issue additional Equity Securities into the future without having to obtain shareholder approval for such issues under Listing Rule 7.1.

To this end, Resolution 4 seeks Shareholder approval to the issue of the 2020 Placement Shares under and for the purposes of Listing Rule 7.4.

If Resolution 4 is passed, the issue of the 2020 Placement Shares will be excluded in calculating the Company's 15% limit in Listing Rule 7.1, effectively increasing the number of Equity Securities it can issue without Shareholder approval over the 12 month period following the date of issue of the 2020 Placement Shares.

If Resolution 4 is not passed, the issue of the 2020 Placement Shares will be included in calculating the Company's 15% limit in Listing Rule 7.1, effectively decreasing the number of Equity Securities it can issue without Shareholder approval over the 12 month period following the date of issue of the 2020 Placement Shares.

#### 5.3 Specific information required by Listing Rule 7.5

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to the ratification of the issue of the 2020 Placement Shares:

- (a) the 2020 Placement Shares were issued to sophisticated and professional investors who were either already known to the Company, or introduced to the Company by the lead manager of the capital raising (Canaccord Genuity) or by other existing Shareholders. None of the investors is a related party of the Company or considered to be a 'material investor' for the purposes of section 7.4 of ASX Guidance Note 21;
- (b) a total of 20,000,000 2020 Placement Shares were issued;

- (c) the 2020 Placement Shares are fully paid ordinary shares in the capital of the Company and rank equally in all respects with the Company's existing Shares on issue;
- (d) the 2020 Placement Shares were issued on 26 August 2020;
- (e) the 2020 Placement Shares were issued at \$0.50 per Share;
- (f) the proceeds from the issue of the 2020 Placement Shares are intended to be applied towards:
  - (i) scale-up manufacturing of Talnode-C customer samples to satisfy larger automotive OEM qualification processes underway;
  - (ii) progress the commercial Detailed Feasibility Study to support design, engineering and project finance options for the Vittangi Anode Project;
  - (iii) expansion, infill and geotechnical drilling to better define the ultimate tonnage potential of the overall Vittangi graphite project and support mine planning; and
  - (iv) general working capital;
- (g) a voting exclusions statement is included in the Notice.

#### 5.4 Additional information

Resolution 4 is an ordinary resolution.

The Board recommends that Shareholders vote in favour of Resolution 4.

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## 6. RESOLUTION 5 – APPROVAL TO ISSUE PERFORMANCE RIGHTS TO NON-EXECUTIVE DIRECTORS

### 6.1 General

The Company is proposing, subject to obtaining Shareholder approval, to issue up to a total of 2,100,000 Performance Rights to the Non-Executive Directors or their respective nominees under the Scheme as follows:

<b>Non-Executive Director</b>	<b>Performance Rights</b>
Terry Stinson	600,000
Grant Mooney	500,000
Stephen Lowe	500,000
Ola Mørkved Rinnan	500,000
<b>TOTAL</b>	<b>2,100,000</b>

The Company is in an important stage of development with significant opportunities and challenges in both the near and long-term. The Board believes it is important to offer these Performance Rights to continue to attract and maintain highly experienced and qualified Board members in a competitive market, and provide the best opportunity for continuity through this development stage. In addition, the Board believes that incentivising with Performance Rights is a prudent means of conserving the Company's available cash reserves.

Resolutions 5(a) to (d) (inclusive) seek Shareholder approval pursuant to Listing Rule 10.14 and sections 195(4) and 208 of the Corporations Act for the issue of up to a total of 2,100,000

Performance Rights under the Scheme to Messrs Stinson, Mooney, Lowe and Rinnan or their respective nominees.

Resolutions 5(a) to (d) are ordinary resolutions.

Resolutions 5(a), (b), (c) and (d) are separate resolutions and they are not conditional on the passing of each other.

## **6.2 Listing Rule 10.14**

Listing Rule 10.14 provides that a listed company must not permit any of the following persons to acquire Equity Securities under an employee incentive scheme, unless Shareholder approval is provided:

- (a) a director of the company (Listing Rule 10.14.1);
- (b) an associate of a director the company (Listing Rule 10.14.2); or
- (c) a person whose relationship with the company or a person referred to in Listing Rule 10.14.1 or 10.14.2 is such that, in ASX's opinion, the acquisition should be approved by its shareholders (Listing Rule 10.14.3).

The proposed issue of the Performance Rights falls within Listing Rule 10.14.1 (or Listing Rule 10.14.2 if a Non-Executive Director elects for the Performance Rights to be issued to his nominee) and therefore requires the approval of Shareholders under Listing Rule 10.14.

As Shareholder approval is sought under Listing Rule 10.14, approval under Listing Rule 7.1 or 10.11 is not required.

If Resolutions 5(a) - (d) inclusive are passed, the Company will be able to proceed with the issue of the Performance Rights to the Non-Executive Directors.

If Resolutions 5(a) - (d) inclusive are not passed, the Company will not be able to proceed with the issue of the Performance Rights to the Non-Executive Directors and the Company will proceed with other forms of performance-based remuneration, which may include incentives in the form of cash bonuses.

## **6.3 Specific Information required by Listing Rule 10.15**

Pursuant to and in accordance with Listing Rule 10.15, the following information is provided in relation to the proposed issue of the Performance Rights:

- (a) The Performance Rights will be issued under the Scheme to Messrs Stinson, Mooney, Lowe and Rinnan (or their respective nominees).
- (b) Each of the Non-Executive Directors is a related party of the Company by virtue of being a Director and falls into the category stipulated by Listing Rule 10.14.1. In the event the Performance Rights are issued to a nominee of a Director, that person will fall into the category stipulated by Listing Rule 10.14.2.
- (c) The maximum number of Performance Rights to be issued to the Non-Executive Directors (or their respective nominees) is 2,100,000 in the proportions set out in Section 6.1 above.
- (d) The current total remuneration package for each of the Non-Executive Directors at the date of this Notice is set out below:

<b>Non-Executive Director</b>	<b>Salary and fees (including superannuation)</b>
Terry Stinson	\$145,000
Grant Mooney	\$60,000
Stephen Lowe	\$60,000
Ola Mørkved Rinnan	\$60,000

- (e) The number of the Securities previously issued under the Scheme to the Non-Executive Directors (and their associates) is set out below. None of the Securities have had an acquisition price.

<b>Non-Executive Director</b>	<b>Options</b>	<b>Exercise price (each)</b>	<b>Expiry date</b>
Terry Stinson*	2,000,000	\$0.60	8 February 2020
Grant Mooney*	1,000,000	\$0.54	23 June 2019
Stephen Lowe	1,000,000	\$0.54	17 December 2020
Ola Mørkved Rinnan	nil	NA	NA

\* These all expired unexercised.

- (f) The Performance Rights are not fully paid ordinary securities. The Performance Rights will be issued on the terms and conditions in Schedule 1.
- (g) The Board considers that Performance Rights rather than Shares, are an appropriate form of incentive because they reward the Non-Executive Directors for achievement of a pivotal milestone towards delivering the Vittangi Project and building a sustainable European source of battery anode with commercial scale production planned in 2023. The Non-Executive Directors will only obtain the value of Performance Rights upon satisfaction of this relevant milestone.
- (h) A valuation of the Performance Rights is in Schedule 2, with a summary for each of the Non-Executive Directors below:

<b>Non-Executive Director</b>	<b>Value of Performance Rights*</b>
Terry Stinson	\$386,000
Grant Mooney	\$321,500
Stephen Lowe	\$321,500
Ola Mørkved Rinnan	\$321,500
<b>Total</b>	<b>\$1,350,500</b>

\* Based on the 30 trading day volume weighted average Share price up to 21<sup>st</sup> September 2020.

- (i) The Performance Rights are intended to be issued as soon as practicable following the receipt of approval at the Meeting and in any event, will be issued no later than three years after the date of the Meeting if the required approval is received.
- (j) The Performance Rights will have an issue price of nil as they will be issued as part of each Non-Executive Director's remuneration package.
- (k) A summary of the material terms of the Scheme is in Schedule 3.
- (l) No loan will be provided to the Non-Executive Directors in relation to the issue of the Performance Rights.
- (m) Details of any Securities issued under the Scheme will be published in the annual report of the Company relating to a period in which they were issued, along with a statement that approval for the issue was obtained under Listing Rule 10.14. Any additional persons covered by Listing Rule 10.14 who become entitled to participate in the Scheme after Resolutions 5(a) - (d) inclusive are approved and who were not named in the Notice will not participate until approval is obtained under Listing Rule 10.14.
- (n) A voting exclusion statement is included in the Notice.

#### **6.4 Chapter 2E of the Corporations Act**

In accordance with Chapter 2E of the Corporations Act, in order to give a financial benefit to a related party, the Company must:

- (a) obtain Shareholder approval in the manner set out in section 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The grant of the Performance Rights constitutes giving a financial benefit and Messrs Stinson, Mooney, Lowe and Rinnan are related parties of the Company by virtue of being Directors.

Although the Company considers the grant of the Performance Rights to constitute reasonable remuneration in the circumstances, in the interests of good corporate governance and given the Non-Executive Directors' interest in the Resolutions, the Company is seeking approval for the purposes of Chapter 2E of the Corporations Act in respect of the Performance Rights.

#### **6.5 Information requirements for Chapter 2E of the Corporations Act**

In compliance with the information requirements of section 219 of the Corporations Act, Shareholders are advised of the information below. Neither the Directors nor the Company are aware of any other information that would be reasonably required by Shareholders to make a decision in relation to the financial benefits contemplated by Resolutions 5(a), (b), (c) or (d).

- (a) **Identity of the related parties to whom Resolutions 5(a), (b), (c) and (d) permit financial benefits to be given**

The Performance Rights will be issued to Messrs Stinson, Mooney, Lowe and Rinnan or their respective nominees.

- (b) **Nature of the financial benefit**

Resolutions 5(a), (b), (c) and (d) seek approval from Shareholders to allow the Company to issue the Performance Rights in the amounts specified in Section 6.1 above to the Directors or their nominees. The Performance Rights are to be issued in accordance with the Scheme and on the terms and conditions in Schedule 1.



The Shares to be issued upon conversion of the Performance Rights will be fully paid ordinary shares in the capital of the Company on the same terms and conditions as the Company's existing Shares and will rank equally in all respects with the Company's existing Shares. The Company will apply for official quotation of the Shares on ASX.

(c) **Valuation of financial benefit**

A valuation of the Performance Rights is in Schedule 2, with a summary for each Non-Executive Director in Section 6.3(h) above.

(d) **Dilution**

The issue of the Performance Rights to the Non-Executive Directors will have a diluting effect on the percentage interest of existing Shareholders holdings if the Performance Rights are exercised. The potential effect of this dilution is summarised below.

<b>Non-Executive Director</b>	<b>Dilutionary effect</b>
Terry Stinson	0.22%
Grant Mooney	0.19%
Stephen Lowe	0.19%
Ola Mørkved Rinnan	0.19%
<b>Total</b>	<b>0.79%</b>

The above table assumes the share capital as at the date of this Notice and that no Shares are issued other than Shares issued on exercise of the Performance Rights.

(e) **Remuneration of Non-Executive Directors**

The total annual remuneration arrangements current for each of the Non-Executive Directors as at the date of this Notice is set out in Section 6.3(d)

(f) **Existing relevant interests**

At the date of this Notice, the Non-Executive Directors hold the following relevant interests in Equity Securities of the Company:

<b>Non-Executive Director</b>	<b>Relevant interests in Company Equity Securities</b>	
	<b>Shares</b>	<b>Options</b>
Terry Stinson	149,622	Nil
Grant Mooney	Nil	Nil
Stephen Lowe	1,000,000	1,000,000
Ola Mørkved Rinnan	Nil	Nil

Assuming that Resolutions 5(a), (b), (c) and (d) are approved by Shareholders, all of the Performance Rights are issued, each Non-Executive Director exercises all of the Performance Rights to be issued to him and no other Equity Securities are issued or

exercised, the respective interests of the Non-Executive Directors in Shares of the Company would be as follows:

<b>Non-Executive Director</b>	<b>Relevant interest in Shares</b>
Terry Stinson	749,622
Grant Mooney	500,000
Stephen Lowe	1,500,000
Ola Mørkved Rinnan	500,000

(g) **Trading history**

The trading history of the Shares on ASX over the 12 months before the date of this Notice is summarised below:

<b>Measure</b>	<b>Price</b>	<b>Date</b>
Highest	\$0.865	23 September 2020
Lowest	\$0.205	19 March 2020
Last	\$0.795	29 September 2020

(h) **Corporate Governance**

The Board acknowledges the grant of the Performance Rights to the Non-Executive Directors is contrary to Recommendation 8.2 of the 3<sup>rd</sup> edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations and Recommendation 8.3 of the 4<sup>th</sup> edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations.

However, the Board considers the grant of Performance Rights to the Non-Executive Directors reasonable in the circumstances for the reasons described in Section 6.1.

(i) **Taxation consequences**

Payroll tax will be payable by the Company for the issue of the Performance Rights. There are no other taxation consequences (including fringe benefits tax) for the Company arising from the issue of the Performance Rights

(j) **Director recommendations**

The Non-Executive Directors decline to make a recommendation to Shareholders in relation to Resolutions 5(a), (b), (c) and (d) due to their interest in the outcome of the Resolutions.

Mr Thompson, the only Director without an interest in Resolutions 5(a), (b), (c) and (d), recommends Shareholders vote in favour of the Resolutions for the reasons outlined above.

(k) **Other information**

The Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolutions 5(a), (b), (c) and (d).

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**7. RESOLUTION 6 - APPROVAL TO ISSUE INCENTIVE OPTIONS TO MANAGING DIRECTOR**

**7.1 General**

The Company is proposing, subject to obtaining Shareholder approval, to issue up to a total of 4,000,000 Options (**Incentive Options**) to Mark Thompson or his nominees under the Scheme.

The Company is in an important stage of development with significant opportunities and challenges in both the near and long-term. The Board believes it is important to offer these Incentive Options to Mr Thompson to retain a highly experienced, qualified and motivated Managing Director in a competitive market, and provide the best opportunity for continuity through this development stage. In addition, the Board also believes that incentivising with Incentive Options is a prudent means of conserving the Company's available cash reserves.

The Incentive Options are to be issued under the Company's Scheme, the terms of which are summarised in Schedule 3.

Resolution 6 seeks Shareholder approval pursuant to Listing Rule 10.14 and section 208 of the Corporations Act for the issue of up to a total of 4,000,000 Incentive Options under the Scheme to Mr Thompson or his nominees.

Resolution 6 is an ordinary resolution.

**7.2 Listing Rule 10.14**

A summary of Listing Rule 10.14 is in Section 6.2 above.

The proposed issue of the Incentive Options falls within Listing Rule 10.14.1 (or Listing Rule 10.14.2 if Mr Thompson elects for the Incentive Options to be issued to his nominee) and therefore requires the approval of Shareholders under Listing Rule 10.14.

As Shareholder approval is sought under Listing Rule 10.14, approval under Listing Rule 7.1 or 10.11 is not required.

If Resolution 6 is passed, the Company will be able to proceed with the issue of the Incentive Options to the Mr Thompson (or his nominee).

If Resolution 6 is not passed, the Company will not be able to proceed with the issue of the Incentive Options to Mr Thompson and the Company will proceed with other forms of performance-based remuneration, which may include incentives in the form of cash bonuses.

**7.3 Specific information required by Listing Rule 10.15**

Pursuant to and in accordance with Listing Rule 10.15, the following information is provided in relation to the proposed issue of the Incentive Options:

- (a) The Incentive Options will be issued under the Scheme to Mr Thompson (or his nominees), a Director of the Company.
- (b) Mr Thompson is a related party of the Company by virtue of being a Director and falls into the category stipulated by Listing Rule 10.14.1. In the event the Incentive Options

are issued to a nominee of a Director, that person will fall into the category stipulated by Listing Rule 10.14.2.

- (c) The maximum number of Incentive Options to be issued to Mr Thompson (or his nominees) is 4,000,000.
- (d) The current total remuneration package for Mr Thompson as at the date of this Notice is \$396,390 (inclusive of superannuation).
- (e) The number of the Securities previously issued under the Scheme to Mr Thompson (and his associates) is set out below. None of the Securities have had an acquisition price.

Options*	Exercise price (each)	Expiry date
1,500,000	\$1.02	10 August 2020
1,300,000	nil **	10 August 2020

\* These all expired unexercised. \*\* Was subject to vesting conditions.

- (f) The Incentive Options are not fully paid ordinary securities. The Incentive Options will be exercisable at a price equal to 145% of the Company's 7 day volume weighted average Share price on the date of approval by the Board and will otherwise be issued on the terms and conditions set out in Schedule 4.
- (g) The Board considers that Incentive Options rather than Shares, are an appropriate form of incentive because they reward Mr Thompson for achievement of a pivotal milestone towards delivering the Vittangi Project and building a sustainable European source of battery anode with commercial scale production planned in 2023. Mr Thompson will only obtain the value of the Incentive Options upon satisfaction of this relevant milestone.
- (h) A valuation of the Incentive Options is in Schedule 5, in summary the value of the Incentive Options to be issued is \$1531,600.
- (i) The Incentive Options are intended to be issued as soon as practicable following the receipt of approval at the Meeting and in any event, will be issued no later than three years after the date of the Meeting if the required approval is received.
- (j) Whilst the issue of the Incentive Options will have an issue price of nil as they will be issued as part of each Director's remuneration package, the exercise price is payable to convert those options into shares.
- (k) Upon vesting, Mr Thompson may apply to exercise the Incentive Options by making payment of the exercise price by funds transfer or another means of payment, or may elect to use the cashless exercise facility permitted under the Scheme. A summary of the material terms of the Scheme is in Schedule 3.
- (l) No loan will be provided to Mr Thompson in relation to the issue of Incentive Options.
- (m) Details of any Securities issued under the Scheme will be published in the annual report of the Company relating to a period in which they were issued, along with a statement that approval for the issue was obtained under Listing Rule 10.14. Any additional persons covered by Listing Rule 10.14 who become entitled to participate in the Scheme after Resolution 6 is approved and who were not named in the Notice will not participate until approval is obtained under Listing Rule 10.14.
- (n) A voting exclusion statement is included in the Notice.

## 7.4 Chapter 2E of the Corporations Act

In accordance with Chapter 2E of the Corporations Act, in order to give a financial benefit to a related party, the Company must:

- (a) obtain Shareholder approval in the manner set out in section 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The grant of the Incentive Options constitutes giving a financial benefit and Mr Thompson is a related party of the Company by virtue of being a Director.

Although the Company considers the grant of the Incentive Options to constitute reasonable remuneration in the circumstances, in the interests of good corporate governance and given the Director's interest in the Resolutions, the Company is seeking approval for the purposes of Chapter 2E of the Corporations Act in respect of the Incentive Options

## 7.5 Information requirements for Chapter 2E of the Corporations Act

In compliance with the information requirements of section 219 of the Corporations Act, Shareholders are advised of the information below. Neither the Directors nor the Company are aware of any other information that would be reasonably required by Shareholders to make a decision in relation to the financial benefits contemplated by Resolution 6

(a) **Identity of the related parties to whom Resolution 6 permit financial benefits to be given**

The Incentive Options will be issued Mr Thompson or his nominees.

(b) **Nature of the financial benefit**

Resolution 6 seeks approval from Shareholders to allow the Company to issue the Incentive Options to Mr Thompson or his nominee. The Incentive Options are to be issued in accordance with the Scheme and on the terms and conditions in Schedule 4.

The Shares to be issued upon conversion of the Incentive Options will be fully paid ordinary shares in the capital of the Company on the same terms and conditions as the Company's existing Shares and will rank equally in all respects with the Company's existing Shares. The Company will apply for official quotation of the Shares on ASX.

(c) **Valuation of financial benefit**

A valuation of the Incentive Options is in Schedule 5, with a summary in Section 7.3(h) above.

(d) **Dilution**

The issue of the Incentive Options to Mr Thompson will have a diluting effect on the percentage interest of existing Shareholders holdings if the Incentive Options are exercised. The potential effect of this dilution is 1.49%. This figure assumes the share capital as at the date of this Notice and that no Shares are issued other than Shares issued on exercise of the Incentive Options.

(e) **Remuneration of Directors**

The total annual remuneration arrangements current for Mr Thompson as at the date of this Notice is set out in Section 7.3(d).

(f) **Existing relevant interests**

At the date of this Notice, Mr Thompson holds the following relevant interests in Equity Securities of the Company:

Director	Relevant interests in Company Equity Securities	
	Shares	Options
Mark Thompson	14,338,969	Nil

Assuming that Resolution 6 is approved by Shareholders, all of the Incentive Options are issued, Mr Thompson exercises all of the Incentive Rights to be issued to him and no other Equity Securities are issued or exercised, the respective interests of Mr Thompson in Shares of the Company would be as follows:

Director	Relevant interest in Shares
Mark Thompson	18,338,969

(g) **Trading history**

The trading history of the Shares on ASX over the 12 months before the date of this Notice is summarised at Section 6.5(g).

(h) **Taxation consequences**

There are no taxation consequences (including fringe benefits tax) for the Company arising from the issue of the Incentive Options.

(i) **Director recommendations**

Mr Thompson declines to make a recommendation to Shareholders in relation to Resolution 6 due to his interest in the outcome of the Resolution.

The Non-Executive Directors, who do not have an interest in Resolutions 6, recommend Shareholders vote in favour of the Resolution for the reasons outlined above.

(j) **Other information**

The Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolution 6.

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## 8. RESOLUTION 7 - APPROVAL OF CHANGE OF COMPANY NAME

### 8.1 General

Section 157(1)(a) of the Corporations Act provides that a company may change its name if the company passes a special resolution adopting a new name. Resolution 7 seeks the approval of Shareholders for the Company to change its name to 'Talga Group Ltd'.

The Company has had the name 'Talga Resources Ltd' since November 2012. The Company was previously named "Talga Gold Ltd", and transitioned to "Talga Resources Ltd" to reflect the Company's focus on its suite of world-class mineral deposits in Sweden and the evolution of the Company beyond a single commodity focus.

It is considered that a change of name to "Talga Group Ltd" is now timely and appropriate to reflect the Company's position as an emerging developer of a diverse range of sustainable graphitic products and technologies spanning lithium-ion battery materials and graphene additives. The Company is differentiated from its ASX listed peers by virtue of its full vertical integration with in-house downstream processing and production technology across multiple 100% owned European subsidiaries.

No change is proposed to the Company's ASX code, "TLG".

If Resolution 7 is passed the change of name will take effect when ASIC alters the details of the Company's registration. The proposed name has been reserved by the Company with ASIC.

## **8.2 Additional information**

The Board recommends that Shareholders vote in favour of Resolution 7 .

Resolution 7 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders eligible to vote.

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## GLOSSARY

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**\$** means Australian dollars.

**10% Placement Facility** has the meaning given in Section 4.1.

**10% Placement Period** has the meaning given in Section 4.2(f)

**Annual General Meeting** or **Meeting** means the meeting convened by the Notice.

**Annual Report** means the Director's Report, the Financial Report, and Auditor's Report, in respect to the year end 30 June 2020.

**Article** means an article of the Constitution.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited (ACN 008 624 691) or the Australian Securities Exchange, as the context requires.

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

**Board** means the current board of directors of the Company.

**Business Day** means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

**Chairperson** or **Chair** means the person appointed to chair the Meeting.

**Closely Related Party** means:

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

**Company** means Talga Resources Ltd (ACN 138 405 419).

**Constitution** means the Company's constitution.

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

**Directors** means the current directors of the Company.

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

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

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

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

**Incentive Option** means up 4,000,000 Options to be issued to Mark Thompson on the terms and conditions set out in Schedule 4.

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



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

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

**Notice** or **Notice of Meeting** or **Notice of Annual General Meeting** means this notice of annual general meeting including the Explanatory Memorandum and the Proxy Form.

**Option** means an option which entitles the holder to subscribe for one Share, subject to the terms and conditions of such option.

**Performance Right** means a right which entitles the holder to subscribe for one Share, subject to the terms and conditions of such right.

**Proxy Form** means the proxy form accompanying the Notice.

**Remuneration Report** means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 30 June 2020.

**Resolutions** means the resolutions set out in the Notice of Meeting, or any one of them, as the context requires.

**Schedule** means a schedule to the Notice.

**Scheme** means the Talga Resources Ltd employee securities incentive scheme as summarised in Schedule 3.

**Section** means a section of the Explanatory Memorandum.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means a holder of a Share.

**Strike** means a 'no' vote of 25% or more on the resolution approving the Remuneration Report.

**Trading Day** has the meaning given in the Listing Rules.

**VWAP** means volume weighted average price.

**WST** means Western Standard Time as observed in Perth, Western Australia.

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## SCHEDULE 1 – TERMS AND CONDITIONS OF PERFORMANCE RIGHTS

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The following terms and conditions apply to the Performance Rights:

### 1. Entitlement

Subject to the terms and conditions set out below, each Performance Right once vested entitles the holder of the Performance Right (**Holder**), on conversion, to the issue of one Share.

### 2. Vesting Conditions

The Performance Rights are subject to the following Milestone, Milestone Date and Expiry Date:

Milestone	Milestone Date	Expiry Date
Announcement by the Company on the ASX market announcements platform of the execution of binding documentation for commercial financing of the development of the Vittangi Anode Project of a production scale of at least that disclosed in the pre-feasibility study announced on 23 May 2019 ( <b>Project Financing Condition</b> ).	30 November 2023	31 December 2023

### 3. Vesting

The Company will notify the Holder in writing (**Vesting Notice**) within 3 Business Days of becoming aware that the Milestone has been satisfied. For the avoidance of doubt, the Milestone can only be satisfied once and may only be satisfied on or before the Milestone Date.

### 4. Conversion

Upon receipt of a Vesting Notice, the Holder may apply to convert the Performance Rights into Shares by delivering a signed notice of conversion to the Company Secretary, in the form provided by the Company to the Holder prior to the Expiry Date.

### 5. Milestone Date and Expiry Date

If the Milestone is not satisfied by 5.00pm (WST) on the Milestone Date, the Performance Rights will expire and lapse.

If the Milestone has been satisfied by 5.00pm (WST) on the Milestone Date, but a notice of conversion has not been provided by the Holder to the Company in accordance with condition 4 on or before 5.00pm (WST) on the Expiry Date, the Performance Rights will expire and lapse.

### 6. Transfer

Unless determined otherwise by the Board in its absolute discretion the Performance Rights are not transferable.

### 7. Entitlements and bonus issues

Subject always to the rights under condition 8 (Reorganisation of Capital), Holders will not be entitled to participate in new issues of capital offered to Shareholders such as bonus issues and entitlement issues.

## **8. Reorganisation of capital**

In the event that the issued capital of the Company is reconstructed, all the Holder's rights will be changed to the extent necessary to comply with the Listing Rules at the time of reorganisation provided that, subject to compliance with the Listing Rules, following such reorganisation the Holder's economic and other rights are not diminished or terminated.

## **9. Right to receive notices and attend general meetings**

Each Performance Right confers on the Holder the right to receive notices of general meetings and financial reports and accounts of the Company that are circulated to Shareholders. A Holder has the right to attend general meetings of the Company.

## **10. Voting rights**

A Performance Right does not entitle the Holder to vote on any resolutions proposed at a general meeting of the Company, subject to any voting rights provided under the Corporations Act or the Listing Rules where such rights cannot be excluded by these terms.

## **11. Dividend rights**

A Performance Right does not entitle the Holder to any dividends.

## **12. Return of capital rights**

The Performance Rights do not confer any right to a return of capital, whether in a winding up, upon a reduction of capital or otherwise.

## **13. Rights on winding up**

The Performance Rights have no right to participate in the surplus profits or assets of the Company upon a winding up of the Company.

## **14. Change in control**

Notwithstanding any other provisions of the Rules, if a Change of Control Event occurs, or the Board determines that such an event is likely to occur, the Board may in its discretion determine the manner in which any or all of the Holder's Performance Rights will be dealt with, including, without limitation, in a manner that allows the Holder to participate in and/or benefit from any transaction arising from or in connection with the Change of Control Event.

## **15. Takeovers limitation**

- a. Notwithstanding any other provision of these terms, if the conversion of any Performance Rights would result in any person being in breach of section 606(1) of the Corporations Act, the conversion of each Performance Right that would cause the contravention will be deferred until such time or times thereafter that the conversion would not result in a contravention of section 606(1).
- b. The Company will not be required to seek the approval of its Shareholders for the purposes of item 7 of section 611 of the Corporations Act to permit the issue of any Share on the conversion of Performance Rights.
- c. If the conversion of any Performance Rights is restricted by condition 14(a) and the resultant Shares are not issued before the Expiry Date, the Performance Rights are to expire on the Expiry Date and the Holder will have no further rights and the Company will have

no further obligations in respect to the expired Performance Rights or the underlying Shares.

## **16. Issue of Shares**

Within 5 Business Days after the date on which the Company receives a Notice of Conversion or the Performance Rights convert under condition 15, the Company will:

- a. issue the Shares specified in the Notice of Conversion or pursuant to the conversion under condition 15;
- b. give ASX a notice that complies with section 708A(5)(e) of the Corporations Act (to the extent required); and
- c. apply for official quotation on ASX of Shares issued pursuant to the conversion of the Performance Rights.

If the Company is unable to deliver a notice under condition 16(b) or such a notice for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Shares issued on conversion of the Performance Rights may not be traded and will be subject to a holding lock until 12 months after their issue unless the Company, at its sole discretion, elects to issue a prospectus pursuant to section 708A(11) of the Corporations Act.

All Shares issued upon the conversion of Performance Rights will upon issue rank pari passu in all respects with other Shares.

## **17. Quotation**

Performance Rights will not be quoted on ASX. On conversion of Performance Rights into Shares, the Company will apply for quotation in accordance with condition 16(c).

## **18. No other rights**

A Performance Right does not give a Holder any rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.

## **19. Amendments required by ASX**

The terms of the Performance Rights may be amended as considered necessary by the Board in order to comply with the Listing Rules, or any directions of ASX regarding the terms provided that, subject to compliance with the Listing Rules, following such amendment, the economic and other rights of the Holder are not diminished or terminated.

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**SCHEDULE 2 – VALUATION OF PERFORMANCE RIGHTS**

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	<b>Terry Stinson</b>	<b>Grant Mooney</b>	<b>Stephen Lowe</b>	<b>Ola Rinnan</b>	<b>Mørkved</b>
Number of Performance Rights	600,000	500,000	500,000	500,000	500,000
Assumed Share price at Grant Date	\$0.64	\$0.64	\$0.64	\$0.64	\$0.64
Expiry Period	31 December 2023	31 December 2023	31 December 2023	31 December 2023	31 December 2023
Dividend yield	0%	0%	0%	0%	0%
Value per Performance Right	\$0.64	\$0.64	\$0.64	\$0.64	\$0.64
Total value of Performance Rights	\$386,000	\$321,500	\$321,500	\$321,500	\$321,500

The valuations above took into account the following matters:

- (a) Performance Rights with non-market based vesting conditions can only be exercised following the satisfaction of the Milestone or a change of control.
- (b) The valuation of Performance Rights assumes that the exercise of a right does not affect the value of the underlying asset.
- (d) Given that the Performance Rights are to be issued for no cash consideration, the value of the Performance Rights is reflected in the underlying Share price at the valuation date. The Share price used is the VWAP of Shares over the 30 days on which sales of Shares were recorded on ASX up to and including 21 September 2020, being \$0.643.
- (e) No consideration is to be paid upon exercising the Performance Rights.

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## **SCHEDULE 3 - SUMMARY OF EMPLOYEE INCENTIVE SCHEME**

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The Company has established an employee incentive scheme (**Scheme**). The full terms of the Scheme may be inspected at the registered office of the Company during normal business hours. A summary of the terms of the Scheme is below.

### **1. Eligible Participant**

Eligible Participant means a person that:

- (a) is an "eligible participant" (as that term is defined in ASIC Class Order 14/1000) in relation to the Company or an Associated Body Corporate (as that term is defined in ASIC Class Order 14/1000); and
- (b) has been determined by the Board to be eligible to participate in the Scheme from time to time.

### **2. Purpose**

The purpose of the Scheme is to:

- (a) assist in the reward, retention and motivation of Eligible Participants;
- (b) link the reward of Eligible Participants to Shareholder value creation; and
- (c) align the interests of Eligible Participants with shareholders of the Group (being the Company and each of its Associated Bodies Corporate), by providing an opportunity to Eligible Participants to receive an equity interest in the Company in the form of Securities.

### **3. Scheme administration**

The Scheme will be administered by the Board. The Board may exercise any power or discretion conferred on it by the Scheme rules in its sole and absolute discretion. The Board may delegate its powers and discretion.

### **4. Eligibility, invitation and application**

- (a) The Board may from time to time determine that an Eligible Participant may participate in the Scheme and make an invitation to that Eligible Participant to apply for Securities on such terms and conditions as the Board decides.
- (b) On receipt of an Invitation, an Eligible Participant may apply for the Securities the subject of the invitation by sending a completed application form to the Company. The Board may accept an application from an Eligible Participant in whole or in part.
- (c) If an Eligible Participant is permitted in the invitation, the Eligible Participant may, by notice in writing to the Board, nominate a party in whose favour the Eligible Participant wishes to renounce the invitation.

### **5. Grant of Securities**

The Company will, to the extent that it has accepted a duly completed application, grant the Participant the relevant number of Securities, subject to the terms and conditions set out in the invitation, the Scheme rules and any ancillary documentation required.

### **6. Terms of Convertible Securities**

Each 'Convertible Security' represents a right to acquire one or more Shares (for example, under an option or performance right), subject to the terms and conditions of the Scheme.

Prior to a Convertible Security being exercised a Participant does not have any interest (legal, equitable or otherwise) in any Share the subject of the Convertible Security by virtue of holding the Convertible Security. A Participant may not sell, assign, transfer, grant a security interest over or otherwise deal with a Convertible Security that has been granted to them. A Participant must not enter into any arrangement for the purpose of hedging their economic exposure to a Convertible Security that has been granted to them.

## **7. Vesting of Convertible Securities**

Any vesting conditions applicable to the grant of Convertible Securities will be described in the invitation. If all the vesting conditions are satisfied and/or otherwise waived by the Board, a vesting notice will be sent to the Participant by the Company informing them that the relevant Convertible Securities have vested. Unless and until the vesting notice is issued by the Company, the Convertible Securities will not be considered to have vested. For the avoidance of doubt, if the vesting conditions relevant to a Convertible Security are not satisfied and/or otherwise waived by the Board, that Convertible Security will lapse.

## **8. Exercise of Convertible Securities and cashless exercise**

To exercise an Convertible Security, the Participant must deliver a signed notice of exercise and, subject to a cashless exercise of Convertible Securities (see below), pay the exercise price (if any) to or as directed by the Company, at any time prior to the earlier of any date specified in the vesting notice and the expiry date as set out in the invitation.

An invitation may specify that at the time of exercise of the Convertible Securities, the Participant may elect not to be required to provide payment of the exercise price for the number of Convertible Securities specified in a notice of exercise, but that on exercise of those Convertible Securities the Company will transfer or issue to the Participant that number of Shares equal in value to the positive difference between the Market Value of the Shares at the time of exercise and the exercise price that would otherwise be payable to exercise those Convertible Securities.

Market Value means, at any given date, the volume weighted average price per Share traded on the ASX over the 5 trading days immediately preceding that given date, unless otherwise specified in an invitation.

A Convertible Security may not be exercised unless and until that Convertible Security has vested in accordance with the Scheme rules, or such earlier date as set out in the Scheme rules.

## **9. Delivery of Shares on exercise of Convertible Securities**

As soon as practicable after the valid exercise of a Convertible Security by a Participant, the Company will issue or cause to be transferred to that Participant the number of Shares to which the Participant is entitled under the Scheme rules and issue a substitute certificate for any remaining unexercised Convertible Securities held by that Participant.

## **10. Forfeiture of Convertible Securities**

Where a Participant who holds Convertible Securities ceases to be an Eligible Participant or becomes insolvent, all unvested Convertible Securities will automatically be forfeited by the Participant, unless the Board otherwise determines in its discretion to permit some or all of the Convertible Securities to vest.

Where the Board determines that a Participant has acted fraudulently or dishonestly, or wilfully breached his or her duties to the Group, the Board may in its discretion deem all unvested Convertible Securities held by that Participant to have been forfeited.

Unless the Board otherwise determines, or as otherwise set out in the Scheme rules:

- (a) any Convertible Securities which have not yet vested will be forfeited immediately on the date that the Board determines (acting reasonably and in good faith) that any applicable vesting conditions have not been met or cannot be met by the relevant date; and
- (b) any Convertible Securities which have not yet vested will be automatically forfeited on the expiry date specified in the invitation.

## **11. Change of control**

If a change of control event occurs in relation to the Company, or the Board determines that such an event is likely to occur, the Board may in its discretion determine the manner in which any or all of the Participant's Convertible Securities will be dealt with, including, without limitation, in a manner that allows the Participant to participate in and/or benefit from any transaction arising from or in connection with the change of control event.

## **12. Rights attaching to Scheme Shares**

All Shares issued under the Scheme, or issued or transferred to a Participant upon the valid exercise of a Convertible Security, (**Scheme Shares**) will rank *pari passu* in all respects with the Shares of the same class. A Participant will be entitled to any dividends declared and distributed by the Company on the Scheme Shares and may participate in any dividend reinvestment plan operated by the Company in respect of Scheme Shares. A Participant may exercise any voting rights attaching to Scheme Shares.

## **13. Disposal restrictions on Scheme Shares**

If the invitation provides that any Scheme Shares are subject to any restrictions as to the disposal or other dealing by a Participant for a period, the Board may implement any procedure it deems appropriate to ensure the compliance by the Participant with this restriction.

For so long as a Scheme Share is subject to any disposal restrictions under the Scheme, the Participant will not:

- (a) transfer, encumber or otherwise dispose of, or have a security interest granted over that Scheme Share; or
- (b) take any action or permit another person to take any action to remove or circumvent the disposal restrictions without the express written consent of the Company.

## **14. Adjustment of Convertible Securities**

If there is a reorganisation of the issued share capital of the Company (including any subdivision, consolidation, reduction, return or cancellation of such issued capital of the Company), the rights of each Participant holding Convertible Securities will be changed to the extent necessary to comply with the Listing Rules applicable to a reorganisation of capital at the time of the reorganisation.

If Shares are issued by the Company by way of bonus issue (other than an issue in lieu of dividends or by way of dividend reinvestment), the holder of Convertible Securities is entitled, upon exercise of the Convertible Securities, to receive an allotment of as many additional Shares as would have been issued to the holder if the holder held Shares equal in number to the Shares in respect of which the Convertible Securities are exercised.

Unless otherwise determined by the Board, a holder of Convertible Securities does not have the right to participate in a pro rata issue of Shares made by the Company or sell renounceable rights.



## **15. Participation in new issues**

There are no participation rights or entitlements inherent in the Convertible Securities and holders are not entitled to participate in any new issue of Shares of the Company during the currency of the Convertible Securities without exercising the Convertible Securities.

## **16. Amendment of Scheme**

Subject to the following paragraph, the Board may at any time amend any provisions of the Scheme rules, including (without limitation) the terms and conditions upon which any Securities have been granted under the Scheme and determine that any amendments to the Scheme rules be given retrospective effect, immediate effect or future effect.

No amendment to any provision of the Scheme rules may be made if the amendment materially reduces the rights of any Participant as they existed before the date of the amendment, other than an amendment introduced primarily for the purpose of complying with legislation or to correct manifest error or mistake, amongst other things, or is agreed to in writing by all Participants.

## **17. Scheme duration**

The Scheme continues in operation until the Board decides to end it. The Board may from time to time suspend the operation of the Scheme for a fixed period or indefinitely, and may end any suspension. If the Scheme is terminated or suspended for any reason, that termination or suspension must not prejudice the accrued rights of the Participants.

If a Participant and the Company (acting by the Board) agree in writing that some or all of the Securities granted to that Participant are to be cancelled on a specified date or on the occurrence of a particular event, then those Securities may be cancelled in the manner agreed between the Company and the Participant.

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## SCHEDULE 4 – TERMS AND CONDITIONS OF INCENTIVE OPTIONS

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The following terms and conditions apply to the Incentive Options:

### 1. Entitlement

Subject to the terms and conditions set out below, each Incentive Option once vested entitles the holder of the Incentive Option (**Holder**), on exercise, to the issue of one Share.

### 2. Vesting Conditions

The Incentive Options are subject to the following Milestone, Milestone Date and Expiry Date:

Milestone	Milestone Date	Expiry Date
Announcement by the Company on the ASX market announcements platform of the execution of binding documentation for commercial financing of the development of the Vittangi Anode Project of a production scale of at least that disclosed in the pre-feasibility study announced on 23 May 2019 ( <b>Project Financing Condition</b> ).	30 November 2023	31 December 2023

### 3. Vesting

The Company will notify the Holder in writing (**Vesting Notice**) within 3 Business Days of becoming aware that the Milestone has been satisfied. For the avoidance of doubt, the Milestone can only be satisfied once and may only be satisfied on or before the Milestone Date.

### 4. Exercise

Upon receipt of a Vesting Notice, the Holder may apply to exercise the Incentive Options into Shares by:

- a. delivering a signed notice of exercise to the Company Secretary, in the form provided by the Company to the Holder prior to the Expiry Date; and
- b. either:
  - i. making payment of the Exercise Price for each Incentive Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company; or
  - ii. stating in the notice of exercise that the Holder elects to use the cashless exercise facility as permitted in clause 7.2 of the Scheme rules.

(together, **Exercise Notice**).

### 5. Milestone Date and Expiry Date

If the Milestone is not satisfied by 5.00pm (WST) on the Milestone Date, the Incentive Options will expire and lapse.

If the Milestone has been satisfied by 5.00pm (WST) on the Milestone Date, but an Exercise Notice has not been provided by the Holder to the Company in accordance with condition 4 on or before 5.00pm (WST) on the Expiry Date, the Incentive Options will expire and lapse.

## **6. Transfer**

Unless determined otherwise by the Board in its absolute discretion the Incentive Options are not transferable.

## **7. Entitlements and bonus issues**

Subject always to the rights under condition 8 (Reorganisation of Capital), Holders will not be entitled to participate in new issues of capital offered to Shareholders such as bonus issues and entitlement issues.

## **8. Reorganisation of capital**

In the event that the issued capital of the Company is reconstructed, all the Holder's rights will be changed to the extent necessary to comply with the Listing Rules at the time of reorganisation provided that, subject to compliance with the Listing Rules, following such reorganisation the Holder's economic and other rights are not diminished or terminated.

## **9. Right to receive notices and attend general meetings**

Each Incentive Option confers on the Holder the right to receive notices of general meetings and financial reports and accounts of the Company that are circulated to Shareholders. A Holder has the right to attend general meetings of the Company.

## **10. Voting rights**

An Incentive Option does not entitle the Holder to vote on any resolutions proposed at a general meeting of the Company, subject to any voting rights provided under the Corporations Act or the Listing Rules where such rights cannot be excluded by these terms.

## **11. Dividend rights**

An Incentive Option does not entitle the Holder to any dividends.

## **12. Return of capital rights**

The Incentive Options do not confer any right to a return of capital, whether in a winding up, upon a reduction of capital or otherwise.

## **13. Rights on winding up**

The Incentive Options have no right to participate in the surplus profits or assets of the Company upon a winding up of the Company.

## **14. Change in control**

Notwithstanding any other provisions of the Rules, if a Change of Control Event occurs, or the Board determines that such an event is likely to occur, the Board may in its discretion determine the manner in which any or all of the Incentive Options will be dealt with, including, without limitation, in a manner that allows the Holder to participate in and/or benefit from any transaction arising from or in connection with the Change of Control Event.

## **15. Takeovers limitation**

- a. Notwithstanding any other provision of these terms, if the exercise of any Incentive Option would result in any person being in breach of section 606(1) of the Corporations Act, the exercise of

each Incentive Option that would cause the contravention will be deferred until such time or times thereafter that the exercise would not result in a contravention of section 606(1).

- b. The Company will not be required to seek the approval of its Shareholders for the purposes of item 7 of section 611 of the Corporations Act to permit the issue of any Share on the exercise of Incentive Options.
- c. If the exercise of any Incentive Options is restricted by condition 15a and the resultant Shares are not issued before the Expiry Date, the Incentive Options are to expire on the Expiry Date and the Holder will have no further rights and the Company will have no further obligations in respect to the expired Incentive Options or the underlying Shares.

## **16. Issue of Shares**

Within 5 Business Days after the date on which the Company receives an Exercise Notice or the Incentive Options are exercised under condition 15, the Company will:

- a. issue the Shares specified in the Exercise Notice or pursuant to the exercise under condition 15;
- b. give ASX a notice that complies with section 708A(5)(e) of the Corporations Act (to the extent required); and
- c. apply for official quotation on ASX of Shares issued pursuant to the exercise of the Incentive Options.

If the Company is unable to deliver a notice under condition 15b or such a notice for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Shares issued on exercise of the Incentive Options may not be traded and will be subject to a holding lock until 12 months after their issue unless the Company, at its sole discretion, elects to issue a prospectus pursuant to section 708A(11) of the Corporations Act.

All Shares issued upon the exercise of Incentive Options will upon issue rank *pari passu* in all respects with other Shares.

## **17. Quotation**

Incentive Options will not be quoted on ASX. On exercise of Incentive Options into Shares, the Company will apply for quotation in accordance with condition 16(c).

## **18. No other rights**

An Incentive Option does not give a Holder any rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.

## **19. Amendments required by ASX**

The terms of the Incentive Options may be amended as considered necessary by the Board in order to comply with the Listing Rules, or any directions of ASX regarding the terms provided that, subject to compliance with the Listing Rules, following such amendment, the economic and other rights of the Holder are not diminished or terminated.

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**SCHEDULE 5 – VALUATION OF INCENTIVE OPTIONS**

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	<b>Mark Thompson</b>
Number of Incentive Options	4,000,000
Assumed Share price at Grant Date <sup>(d)</sup>	\$0.64
Expiry Period	31 December 2023
Dividend yield	0%
Value per Incentive Option	\$0.383
Total value of Incentive Options	\$1,531,600

The valuations above took into account the following matters:

- (a) Incentive Options with non-market based vesting conditions can only be exercised following the satisfaction of the Milestone or a change of control.
- (b) The valuation of Incentive Options assumes that the exercise of an option does not affect the value of the underlying asset.
- (d) Given that the Incentive Options are to be issued for no cash consideration, the value of the Incentive Options is reflected in the underlying Share price at the valuation date. The Share price used is the VWAP of Shares over the 7 days on which sales of Shares were recorded on ASX up to and including 22 September 2020, being \$0.643.
- (e) No consideration is to be paid upon exercising the Incentive Option.



Talga Resources Ltd | ACN 138 405 419

# Proxy Voting Form

If you are attending the virtual Meeting please retain this Proxy Voting Form for online Securityholder registration.

[EntityRegistrationDetailsLine1Envelope]  
[EntityRegistrationDetailsLine2Envelope]  
[EntityRegistrationDetailsLine3Envelope]  
[EntityRegistrationDetailsLine4Envelope]  
[EntityRegistrationDetailsLine5Envelope]  
[EntityRegistrationDetailsLine6Envelope]

## [HolderNumber]

Holder Number:  
[HolderNumber]

Your proxy voting instruction must be received by **2.30pm (WST) on Tuesday, 10 November 2020**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

## SUBMIT YOUR PROXY

Complete the form overleaf in accordance with the instructions set out below.

### YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: <https://investor.automic.com.au/#/home> Shareholders sponsored by a broker should advise their broker of any changes.

### STEP 1 – APPOINT A PROXY

If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chairman of the Meeting will be appointed as your proxy by default.

### DEFAULT TO THE CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Voting Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP

### STEP 2 - VOTES ON ITEMS OF BUSINESS

You may direct your proxy how to vote by marking one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

### APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services.

### SIGNING INSTRUCTIONS

**Individual:** Where the holding is in one name, the Shareholder must sign.

**Joint holding:** Where the holding is in more than one name, all Shareholders should sign.

**Power of attorney:** If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Voting Form when you return it.

**Companies:** To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

**Email Address:** Please provide your email address in the space provided.

**By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.**

### CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at <https://automic.com.au>.

### Lodging your Proxy Voting Form:

#### Online:

Use your computer or smartphone to appoint a proxy at

<https://investor.automic.com.au/#/login>

or scan the QR code below using your smartphone

**Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting Form.**



#### BY MAIL:

Automic  
GPO Box 5193  
Sydney NSW 2001

#### IN PERSON:

Automic  
Level 5, 126 Phillip Street  
Sydney NSW 2000

#### BY EMAIL:

[meetings@automicgroup.com.au](mailto:meetings@automicgroup.com.au)

#### BY FACSIMILE:

+61 2 8583 3040

All enquiries to Automic:

**WEBCHAT:** <https://automicgroup.com.au/>

**PHONE:** 1300 288 664 (Within Australia)  
+61 2 9698 5414 (Overseas)

