

**30 October 2020**

**ANNUAL GENERAL MEETING - NOTICE AND PROXY FORM**

**Dear Shareholder**

Frugl Group Limited is convening an Annual General Meeting of shareholders to be held on Monday 30 November 2020 at 8:00am (WST) at Suite 9, 330 Churchill Ave, Subiaco WA 6008 (**Meeting**). In accordance with subsection 5(f) of the Corporations (**Coronavirus Economic Response**) Determination (**No. 3**) 2020, the Company will not be dispatching physical copies of the Notice of Annual Meeting (**Notice**). Instead, a copy of the Notice is available at the following link <https://fruglgroup.com/frugl/>.

You may vote by attending the Meeting in person, by proxy, or by appointing an authorised representative.

**Voting in Person**

To vote in person, attend the Meeting on the date and at the place as set out above. If possible, Shareholders are asked to arrive at the venue 15 minutes prior to the time designated for the Meeting, so that the Company may check the Shareholders' holding against the Company's share register and note attendance.

**Voting by Proxy**

Appointment of Proxy: Shareholders who are entitled to attend and vote at the Meeting, may appoint a proxy to act generally at the Meeting and to vote on their behalf. The proxy does not need to be a Shareholder. A Shareholder that is entitled to cast two or more votes may appoint two proxies and should specify the proportion of votes each proxy is entitled to exercise. If a Shareholder appoints two proxies, each proxy may exercise half of the Shareholder's votes if no proportion or number of votes is specified.

Voting by proxy: A Shareholder can direct its proxy to vote for, against or abstain from voting on each Resolution by marking the appropriate box in the voting directions to your proxy section of the Proxy Form. If a proxy holder votes, they must cast all votes as directed. Any directed proxies that are not voted will automatically default to the Chairman, who must vote the proxies as directed in the Proxy Form. Proxy Forms must be received by 8:00 am (WST) on Saturday 28 November 2020. Details on how to lodge your Proxy Form can be found on the enclosed Proxy Form. If you have any questions about your Proxy Form, please contact the Company Secretary by telephone at +61 8 6489 1600.

If COVID-19 social distancing restrictions change prior to the Meeting, the Company will advise via an ASX announcement as to any changes in the manner in which the Meeting will be held and as to whether shareholders will still be able to attend in person and participate in the usual way. The Notice is important and should be read in its entirety. If you are in doubt as to the course of action you should follow, you should consult your financial adviser, lawyer, accountant or other professional adviser.

Yours faithfully  
By order of the Board

**Sonu Cheema**  
**Company Secretary**  
**Frugl Group Limited**

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**FRUGL GROUP LIMITED**  
**ACN 096 870 978**  
**NOTICE OF ANNUAL GENERAL MEETING**

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Notice is given that the Meeting will be held at:

**TIME:** 8:00am (WST)  
**DATE:** 30 November 2020  
**PLACE:** Suite 9,  
330 Churchill Ave,  
Subiaco WA 6008

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

***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 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 8:00am on 28 October 2020.***

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## BUSINESS OF THE MEETING

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### AGENDA

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#### 1. FINANCIAL STATEMENTS AND REPORTS

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2020 together with the declaration of the Directors, the Director's report, the Remuneration Report and the auditor's report.

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

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

*“That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's annual financial report for the financial year ended 30 June 2020.”*

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

A voting prohibition statement applies to this Resolution. Please see below.

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#### 3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – MR MATHEW WALKER

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

*“That, for the purpose of clause 14.2 of the Constitution, Listing Rule 14.5 and for all other purposes, Mr Mathew Walker, a Director, retires by rotation, and being eligible, is re-elected as a Director.”*

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#### 4. RESOLUTION 3 – ISSUE OF BROKER OPTIONS TO CPS CAPITAL GROUP PTY LTD

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

*“That, for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue 3,000,000 Options to CPS Capital Group Pty Ltd (or its nominee) on the terms and conditions set out in the Explanatory Statement.”*

A voting exclusion statement applies to this Resolution. Please see below.

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#### 5. RESOLUTION 4 – ISSUE OF OPTIONS TO MR ALISTAIR MCCALL

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

*“That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue 2,000,000 Options to Mr Alistair McCall (or his nominee) on the terms and conditions set out in the Explanatory Statement.”*

A voting exclusion statement applies to this Resolution. Please see below.

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**6. RESOLUTION 5 – ISSUE OF OPTIONS TO MR ANDREW BARBOUR**

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

*“That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue 2,000,000 Options to Mr Andrew Barbour on the terms and conditions set out in the Explanatory Statement.”*

A voting exclusion statement applies to this Resolution. Please see below.

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**7. RESOLUTION 6 – RATIFICATION OF PRIOR ISSUE OF SHARES – LISTING RULE 7.1**

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

*“That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 14,850,000 Shares on the terms and conditions set out in the Explanatory Statement.”*

A voting exclusion statement applies to this Resolution. Please see below.

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**8. RESOLUTION 7 – RATIFICATION OF PRIOR ISSUE OF SHARES – LISTING RULE 7.1A**

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

*“That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 9,900,000 Shares on the terms and conditions set out in the Explanatory Statement.”*

A voting exclusion statement applies to this Resolution. Please see below.

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**9. RESOLUTION 8 – PLACEMENT OF SHARES**

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

*“That, for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 24,750,000 Shares on the terms and conditions set out in the Explanatory Statement.”*

A voting exclusion statement applies to this Resolution. Please see below.

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**10. RESOLUTION 9 – ISSUE OF SHARES TO RELATED PARTY - MR MATHEW WALKER**

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

*“That, for the purposes of Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 10,000,000 Shares to Mr Mathew Walker (or his nominee) on the terms and conditions set out in the Explanatory Statement.”*

A voting exclusion statement applies to this Resolution. Please see below.

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**11. RESOLUTION 10 – ISSUE OF SHARES TO RELATED PARTY - MR JONATHON WILD**

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

*“That, for the purposes of Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 2,000,000 Shares to Mr Jonathon Wild (or his nominee) on the terms and conditions set out in the Explanatory Statement.”*

A voting exclusion statement applies to this Resolution. Please see below.

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**12. RESOLUTION 11 – ISSUE OF RELATED PARTY OPTIONS TO MR SEAN SMITH**

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

*“That, for the purposes of section 195(4) and section 208 of the Corporations Act, Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 3,000,000 Options to Mr Sean Smith (or his nominee) on the terms and conditions set out in the Explanatory Statement.*

Both a voting prohibition statement and a voting exclusion statement apply to this Resolution. Please see below.

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**13. RESOLUTION 12 – ISSUE OF RELATED PARTY OPTIONS TO MATHEW WALKER**

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

*“That, for the purposes of section 195(4) and section 208 of the Corporations Act, Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 4,000,000 Options to Mathew Walker (or his nominee) on the terms and conditions set out in the Explanatory Statement.”*

Both a voting prohibition statement and a voting exclusion statement apply to this Resolution. Please see below.

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**14. RESOLUTION 13 – APPROVAL OF 7.1A MANDATE**

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

*“That, for the purposes of Listing Rule 7.1A and for all other purposes, approval is given for the Company to issue up to that number of Equity Securities equal 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 otherwise on the terms and conditions set out in the Explanatory Statement.”*

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**15. RESOLUTION 14 – APPOINTMENT OF AUDITOR AT AGM TO FILL VACANCY**

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

*“That, for the purposes of section 327B of the Corporations Act and for all other purposes, HLB Mann Judd having been nominated by a Shareholder*

*and having consented in writing to act in the capacity of auditor, be appointed as auditor of the Company with effect from the close of the Meeting."*

**Dated: 30 October 2020**

**By order of the Board**

**Mr Sonu Cheema  
Company Secretary**

## Voting Prohibition Statements

### Resolution 1 – Adoption of Remuneration Report

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

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

However, a person (the **voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter 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:
  - (i) does not specify the way the proxy is to vote on this Resolution; and
  - (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

### Resolution 11 – Issue of Related Party Options to Sean Smith

In accordance with section 224 of the Corporations Act, a vote on this Resolution must not be cast (in any capacity) by or 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 (**Excluded Party**). However, the above prohibition does not apply if the vote is cast by a person as proxy appointed by writing that specifies how the proxy is to vote on the Resolution and it is not cast on behalf of an Excluded Party.

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 this Resolution if:

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

### Resolution 12 – Issue of Related Party Options to Mathew Walker

Provided the Chair is not an Excluded Party, 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 this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

## Voting Exclusion Statements

In accordance with Listing Rule 14.11, the Company will disregard any votes cast in favour of the resolution set out below by or on behalf of the following persons:

|   |   |
|---|---|
| <b>Resolution 3 - Issue of Broker Options to CPS Capital Pty Ltd</b>            | CPS Capital Pty Ltd (or its nominee) and any other person who will obtain a material benefit as a result of, the issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person or those persons.               |
| <b>Resolution 4 – Issue of Options to Mr Alistair McCall</b>                    | Mr Alistair McCall (or his nominee) and any other person who will obtain a material benefit as a result of, the issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person or those persons.                |
| <b>Resolution 5 – Issue of Options to Mr Andrew Barbour</b>                     | Mr Andrew Barbour (or his nominee) and any other person who will obtain a material benefit as a result of, the issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person or those persons.                 |
| <b>Resolution 6 - Ratification of Prior Issue of Shares – Listing Rule 7.1</b>  | A person who participated in the issue or is a counterparty to the agreement being approved or an associate of that person or those persons.  |
| <b>Resolution 7 – Ratification of Prior Issue of Shares – Listing Rule 7.1A</b> |   |
| <b>Resolution 8 – Placement of Shares</b>                                       | A person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person (or those persons).               |
| <b>Resolution 9 – Issue of Shares to Related Party – Mr Mathew Walker</b>       | Mr Mathew Walker (or his nominee) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person or those persons. |
| <b>Resolution 12 – Issue of Related Party Options to Mr Mathew Walker</b>       |   |
| <b>Resolution 10 - Issue of Shares to Related Party – Mr Jonathon Wild</b>      | Mr Jonathon Wild (or his nominee) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person or those persons. |
| <b>Resolution 11 – Issue of Related Party Options to Mr Sean Smith</b>          | Mr Sean Smith (or his nominee) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person or those persons.    |

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

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



## **Voting by proxy**

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To vote by proxy, 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, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast two (2) or more votes may appoint two (2) proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints two (2) proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

## **Voting in person**

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To vote in person, attend the Meeting at the time, date and place set out above.

You may still attend the meeting and vote in person even if you have appointed a proxy. If you have previously submitted a [Voting/Proxy Form, your attendance will not revoke your proxy appointment unless you actually vote at the meeting for which the proxy is proposed to be used, in which case, the proxy's appointment is deemed to be revoked with respect to voting on that resolution.

Please bring your personalised Proxy Form with you as it will help you to register your attendance at the meeting. If you do not bring your Proxy Form with you, you can still attend the meeting but representatives from the Company's share registry will need to verify your identity.

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***Should you wish to discuss the matters in this notice of meeting please do not hesitate to contact the company secretary on +61 8 6489 1600.***

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## EXPLANATORY STATEMENT

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This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

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### 1. FINANCIAL STATEMENTS AND REPORTS

In accordance with the Corporations Act, the business of the Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2020 together with the declaration of the Directors, the Directors' report, the Remuneration Report and the auditor's report.

The Company will not provide a hard copy of the Company's annual financial report to Shareholders unless specifically requested to do so. The Company's annual financial report is available on its website at <https://fruglgroup.com/investor-profile/>.

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

#### 2.1 General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the company or the directors of the company.

The remuneration report sets out the company's remuneration arrangements for the directors and senior management of the company. The remuneration report is part of the directors' report contained in the annual financial report of the company for a financial year.

The chair of the meeting must allow a reasonable opportunity for its shareholders to ask questions about or make comments on the remuneration report at the annual general meeting.

#### 2.2 Voting consequences

A company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (**Spill Resolution**) if, at consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the company must convene a shareholder meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the directors of the company who were in office when the directors' report (as included in the company's annual financial report for the most recent financial year) was approved, other than the managing director of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as directors of the company is approved will be the directors of the company.

## 2.3 Previous voting results

At the Company's previous annual general meeting the votes cast against the remuneration report considered at that annual general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

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## 3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – MR MATHEW WALKER

### 3.1 General

Listing Rule 14.5 provides that an entity which has directors must hold an election of directors at each annual general meeting.

The Constitution sets out the requirements for determining which Directors are to retire by rotation at an annual general meeting.

Mr Mathew Walker, who has served as a Director since 9 July 2018 and was last re-elected on 30 November 2018, retires by rotation and seeks re-election.

### 3.2 Qualifications and other material directorships

Mr Mathew Walker has extensive experience in public company management and in the provision of corporate advice. Specialising in the natural resources sector, Mr Mathew Walker has served as Executive Chairman or Managing Director for public companies with mineral interests in North America, South America, Africa, Eastern Europe, Australia and Asia.

Currently he serves as a director of Blaze International Limited (ASX: BLZ) and E Metals Limited (ASX: EMT).

### 3.3 Independence

If re-elected the Board considers Mr Walker will be an independent Director.

### 3.4 Board recommendation

The Board has reviewed Mr Walker's performance since his appointment to the Board and considers that Mr Walker's skills and experience will continue to enhance the Board's ability to perform its role. Accordingly, the Board supports the re-election of Mr Walker and recommends that Shareholders vote in favour of Resolution 2.

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## 4. RESOLUTION 3 – APPROVAL TO ISSUE BROKER OPTIONS TO CPS CAPITAL GROUP PTY LTD

### 4.1 General

The Company is proposing to issue 3,000,000 Options in consideration for ongoing market advisory services provided by CPS Capital Group Pty Ltd (ACN 088 055 636) (**CPS Capital**) (**Broker Options**).

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

The proposed issue of the Broker Options does not fit within any of these exceptions. While the issue does not exceed the 15% limit in Listing Rule 7.1 and can therefore be made without breaching that rule, the Company wishes to retain as much flexibility as possible to issue additional equity securities in the future without having to obtain Shareholder approval under Listing Rule 7.1. Accordingly, the Company is seeking Shareholder approval pursuant to Listing Rule 7.1 so that it does not use up any of its 15% placement capacity under Listing Rule 7.1.

#### **4.2 Technical information required by Listing Rule 14.1A**

If Resolution 3 is passed, the Company will be able to proceed with the issue of the Broker Options. In addition, the issue of the Broker Options will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If Resolution 3 is not passed, the issue of the Broker Options can still proceed but it will reduce, to that extent, the Company's capacity to issue equity securities without Shareholder approval under Listing Rule 7.1 for 12 months following the issue.

Resolution 3 seeks Shareholder approval for the purposes of Listing Rule 7.1 for the issue of the Broker Options.

#### **4.3 Technical information required by Listing Rule 7.1**

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to Resolution 3:

- (a) the Broker Options will be issued to the Company's corporate adviser, CPS Capital (or its nominee) none of whom will be related parties of the Company;
- (b) the maximum number of Broker Options to be issued is 3,000,000. The terms and conditions of the Broker Options are set out in Schedule 1;
- (c) the Broker Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that issue of the Broker Options will occur on the same date;
- (d) the Broker Options will be issued at a nil issue price, in consideration for the ongoing market and corporate advice services provided by Mr Jason Peterson and CPS Capital. The Company has not and will not receive any other consideration for the issue of the Broker Options (other than in respect of funds received on exercise of the Broker Options);
- (e) the purpose of the issue of the Broker Options is to satisfy the Company's obligations under the Advisory Agreement with CPS Capital;
- (f) the Broker Options are being issued to CPS Capital under a corporate advisory mandate between CPS Capital and the Company, as announced to ASX on 22 September 2020, pursuant to which CPS Capital agreed to lead manage the ongoing capital raising activities (tranche 1 completed on 25 September 2020 and it is anticipated that tranche 2 will be completed in December 2020) and to provide ongoing corporate advisory services to the Company on an as required basis. The scope of services to be provided under the mandate has been expanded, from the initial agreement that was communicated to the market, to include

the introduction by CPS Capital of wholesale and institutional investor clients to the Company. In consideration for these services, the Company has agreed to issue 3,000,000 Broker Options (the subject of this Resolution) to CPS Capital. No other fees are payable in respect of these services; and

- (g) the Broker Options are not being issued under, or to fund, a reverse takeover; and
- (h) a voting exclusion statement is included in Resolution 3 of the Notice.

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## **5. RESOLUTION 4 AND 5 – ISSUE OF OPTIONS TO MESSRS ALISTAIR MCCALL AND ANDREW BARBOUR**

The Company is proposing, subject to obtaining Shareholder approval, to issue an aggregate of 4,000,000 Options (**Employee Options**) to Messrs Alistair McCall and Andrew Barbour to provide a performance linked incentive component in their remuneration packages to motivate and reward their performance in their respective roles as the Company's Chief Data Officer and General Manager, Commercial (**Employee Options**).

As summarised in Section 5.1 above, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary shares it had on issue at the start of that period.

The proposed issue of the Employee Options does not fit within any of these exceptions. While the issue does not exceed the 15% limit in Listing Rule 7.1 and can therefore be made without breaching that rule, the Company wishes to retain as much flexibility as possible to issue additional equity securities in the future without having to obtain Shareholder approval under Listing Rule 7.1. Accordingly, the Company is seeking Shareholder approval pursuant to Listing Rule 7.1 so that it does not use up any of its 15% placement capacity under Listing Rule 7.1.

### **5.1 Technical information required by Listing Rule 14.1A**

If Resolutions 4 and 5 are passed, the Company will be able to proceed with the issue of the Employee Options. In addition, the issue of the Employee Options will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If Resolutions 4 and 5 are not passed, the issue of the Employee Options can still proceed but it will reduce, to that extent, the Company's capacity to issue equity securities without Shareholder approval under Listing Rule 7.1 for 12 months following the issue.

Resolutions 4 and 5 seek Shareholder approval for the purposes of Listing Rule 7.1 for the issue of the Employee Options.

### **5.2 Technical information required by Listing Rule 7.1**

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to Resolutions 4 and 5:

- (a) the Employee Options will be issued to the following persons:
  - (i) Mr Alistair McCall (or his nominee) pursuant to Resolution 4; and

- (ii) Mr Andrew Barbour (or his nominee) pursuant to Resolution 5;
- (b) the maximum number of Employee Options to be issued to is 4,000,000 comprising:
  - (i) 2,000,000 Employee Options to Mr Alistair McCall (or his nominee) pursuant to Resolution 4; and
  - (ii) 2,000,000 Employee Options to Mr Andrew Barbour (or his nominee) pursuant to Resolution 5;
- (c) the terms and conditions of the Employee Options are set out in Schedule 1;
- (d) the Employee Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that issue of the Employee Options will occur on the same date;
- (e) the Employee Options will be issued at a nil issue price, in consideration to provide a performance linked incentive component in Messrs McCall and Barbour's respective remuneration packages.
- (f) the Employee Options are not being issued under an agreement;
- (g) the Employee Options are not being issued under, or to fund, a reverse takeover; and
- (h) a voting exclusion statement is included in the Notice.

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## **6. RESOLUTIONS 6 AND 7 – RATIFICATION OF PRIOR ISSUE OF SHARES - LISTING RULES 7.1 AND 7.1A**

### **6.1 Background**

On 25 September 2020, the Company issued 24,750,000 Shares at an issue price of \$0.03 per Share to raise \$742,500 (**Tranche 1 Placement Shares**). The Company issued the Tranche 1 Placement Shares as part of a two-tranche placement to unrelated sophisticated and professional investors in which the Company proposes to issue a total of 49,500,000 Shares to raise a total of \$1,485,000 (**Placement**). The Placement was first announced by the Company on 22 September 2020.

14,850,000 Shares were issued pursuant to the Company's capacity under Listing Rule 7.1 (being the subject of Resolution 6) and 9,900,000 Shares were issued pursuant to the Company's 7.1A mandate which was approved by Shareholders at the annual general meeting held on 29 November 2019 (being the subject of Resolution 7).

The Company engaged the services of CPS Capital, to manage the issue of the Tranche 1 Placement Shares. The Company agreed to pay CPS Capital a \$20,000 management fee and a placement fee of 6% on all monies raised under the Placement.

Two of the Company's Directors, Mathew Walker and Jonathon Wild are seeking Shareholder approval to participate in the Placement, such approval being the subject of Resolutions 9 and 10 below.

## **6.2 Listing Rules 7.1 and 7.1A**

Broadly speaking, and subject to a number of exceptions Listing Rule 7.1 limits the amount of equity securities that a listed company 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 12 month 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%.

The Company obtained approval to increase its limit to 25% at the annual general meeting held on 29 November 2019.

The issue of the Tranche 1 Placement Shares does not fit within any of these exceptions and, as it has not yet been approved by Shareholders, it effectively uses up part of the 25% limit in Listing Rules 7.1 and 7.1A, reducing the Company's capacity to issue further equity securities without Shareholder approval under Listing Rule 7.1 and 7.1A for the 12 month period following the date of issue of the Tranche 1 Placement Shares.

## **6.3 Listing Rule 7.4**

Listing Rule 7.4 allows the shareholders of a listed company to approve an issue of equity securities after it has been made or agreed to be made. If they do, the issue is taken to have been approved under Listing Rule 7.1 and so does not reduce the company's capacity to issue further equity securities without shareholder approval under that rule.

The Company wishes to retain as much flexibility as possible to issue additional equity securities in the future without having to obtain Shareholder approval for such issues under Listing Rule 7.1. Accordingly, the Company is seeking Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the Tranche 1 Placement Shares.

Resolutions 6 and 7 seek Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the Tranche 1 Placement Shares.

## **6.4 Technical information required by Listing Rule 14.1A**

If Resolutions 6 and 7 are passed, the Tranche 1 Placement Shares will be excluded in calculating the Company's combined 25% limit in Listing Rules 7.1 and 7.1A, effectively increasing the number of equity securities the Company can issue without Shareholder approval over the 12 month period following the date of issue of the Tranche 1 Placement Shares.

If Resolutions 6 and 7 are not passed, the Tranche 1 Placement Shares will be included in calculating the Company's combined 25% limit in Listing Rules 7.1 and 7.1A, effectively decreasing the number of equity securities the Company can issue without Shareholder approval over the 12 month period following the date of issue of the Tranche 1 Placement Shares.

## **6.5 Technical 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 Resolutions 6 and 7:

- (a) the Tranche 1 Placement Shares were issued to professional and sophisticated investors who are clients of CPS Capital. The recipients were identified through a bookbuild process, which involved CPS Capital seeking expressions of interest to participate in the capital raising from non-related parties of the Company. None of the recipients are related parties of the Company.
- (b) in accordance with paragraph 7.4 of ASX Guidance Note 21, the Company confirms that none of the recipients were:
  - (i) related parties of the Company, members of the Company's Key Management Personnel, substantial holders of the Company, advisers of the Company or an associate of any of these parties; and
  - (ii) issued more than 1% of the issued capital of the Company;
- (c) 24,750,000 Tranche 1 Placement Shares were issued on the following basis:
  - (i) 14,850,000 Shares issued pursuant to Listing Rule 7.1 (ratification of which is sought under Resolution 6); and
  - (ii) 9,900,000 Shares issued pursuant to Listing Rule 7.1A (ratification of which is sought under Resolution 7);
- (d) the Tranche 1 Placement Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (e) the Tranche 1 Placement Shares were issued on 25 September 2020;
- (f) the issue price was \$0.03 per Tranche 1 Placement Shares under both the issue of Shares pursuant to Listing Rule 7.1 and Listing Rule 7.1A. The Company has not and will not receive any other consideration for the issue of the Tranche 1 Placement Shares;
 

the purpose of the issue of the Tranche 1 Placement Shares was to raise \$742,500, which has been and will be applied towards marketing, research and development, and business development and ongoing working capital. The Company has spent \$214,762 of the money raised so far.
- (g) the Tranche 1 Placement Shares were not issued under an agreement; and
- (h) a voting exclusion statement is included in this Notice.

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## 7. RESOLUTION 8 – PLACEMENT OF SHARES

### 7.1 General

The Company is proposing to issue up to 24,750,000 Shares at an issue price of \$0.03 per Share to raise up to \$742,500 (**Tranche 2 Placement Shares**). The



Company is proposing to issue the Tranche 2 Placement Shares as part of the Placement.

As noted in Section 7.1 above, the Company engaged the services of CPS Capital, to manage the issue of the Tranche 2 Placement Shares, and the Company will pay CPS Capital the fees set out in Section 7.1 in relation to the Placement.

As summarised in Section 5.1 above, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary shares it had on issue at the start of that period.

The proposed issue of the Tranche 2 Placement Shares does not fall within any of these exceptions and exceeds the 15% limit in Listing Rule 7.1. It therefore requires the approval of Shareholders under Listing Rule 7.1.

## **7.2 Technical information required by Listing Rule 14.1A**

If Resolution 8 is passed, the Company will be able to proceed with the issue of the Tranche 2 Placement Shares and complete the Placement. In addition, the issue of the Tranche 2 Placement Shares will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If Resolution 8 is not passed, the Company will not be able to proceed with the issue of the Tranche 2 Placement Shares and will not be able to raise the additional funds as contemplated by the Placement (and as announced on 22 September 2020).

Resolution 8 seeks Shareholder approval for the purposes of Listing Rule 7.1 for the issue of the Tranche 2 Placement Shares.

## **7.3 Technical information required by Listing Rule 7.1**

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to Resolution 8:

- (a) the Tranche 2 Placement Shares will be issued to professional and sophisticated investors who are clients of CPS Capital. The recipients were (or to the extent not already identified, will be) identified through a bookbuild process, involving CPS Capital seeking expressions of interest to participate in the capital raising from non-related parties of the Company. None of the recipients are related parties of the Company;
- (b) in accordance with paragraph 7.4 of ASX Guidance Note 21, the Company confirms that none of the recipients will be:
  - (i) related parties of the Company, members of the Company's Key Management Personnel, substantial holders of the Company, advisers of the Company or an associate of any of these parties; and
  - (ii) issued more than 1% of the issued capital of the Company;
- (a) the maximum number of Tranche 2 Placement Shares to be issued is 24,750,000. The Tranche 2 Placement Shares issued will be fully paid

ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;

- (b) the Tranche 2 Placement Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that issue of the Tranche 2 Placement Shares will occur on the same date;
- (c) the issue price of Tranche 2 Placement Shares will be \$0.03 per Tranche 2 Placement Share. The Company will not receive any other consideration for the issue of the Tranche 2 Placement Shares;
- (d) the purpose of the issue of the Tranche 2 Placement Shares is to raise capital, which the Company intends to apply towards marketing, research and development, and business development and ongoing working capital;
- (e) the Tranche 2 Placement Shares are not being issued under an agreement;
- (f) the Tranche 2 Placement Shares are not being issued under, or to fund, a reverse takeover; and
- (g) a voting exclusion statement is included in this Notice.

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## **8. RESOLUTIONS 9 AND 10 – ISSUE OF SHARES TO RELATED PARTIES – MESSRS MATHEW WALKER AND JONATHON WILD**

### **8.1 General**

Messrs Mathew Walker and Jonathon Wild wish to participate in the Placement on the same terms as unrelated participants in the Placement (**Participation**).

Accordingly, Resolutions 9 and 10 seek Shareholder approval for the issue an aggregate of 12,000,000 Shares to Messrs Mathew Walker and Jonathon Wild (or their nominee) (**Share Related Parties**), as a result of the Participation on the terms set out below.

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

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 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 issue of Shares to the Share Related Parties constitutes giving a financial benefit and each of the Share Related Parties are related parties of the Company by virtue of being Directors.

The Directors have considered the issue of these Shares to the Share Related Parties, with each of Messrs Wild and Walker abstaining from these considerations

at all relevant times due to their material personal interest in these Resolutions, and consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the Participation because the Shares will be issued to Messrs Wild and Walker (or their nominee) on the same terms as Shares to be issued to non-related party participants in the Placement and as such the giving of the financial benefit is on arm's length terms.

### **8.3 Listing Rule 10.11**

A summary of Listing Rule 10.11 is set out in Section 4.3 above.

The Participation falls within Listing Rule 10.11.1 and does not fall within any of the exceptions in Listing Rule 10.12. It therefore requires the approval of Shareholders under Listing Rule 10.11.

Resolutions 9 and 10 seek the required Shareholder approval for the issue of Shares under and for the purposes of Chapter 2E of the Corporations Act and Listing Rule 10.11.

### **8.4 Technical information required by Listing Rule 14.1A**

If Resolutions 9 and 10 are passed, the Company will be able to proceed with the issue of Shares under the Participation within one month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules) and will raise additional funds which will be used in the manner set out in Section 8.3(d) above. As approval pursuant to Listing Rule 7.1 is not required for the issue of the Shares in respect of the Participation (because approval is being obtained under Listing Rule 10.11), the issue of the Shares will not use up any of the Company's 15% annual placement capacity.

If Resolutions 9 and 10 are not passed, the Company will not be able to proceed with the issue of Shares under the Participation and no funds will be raised in respect of the Placement from either of the Share Related Parties.

### **8.5 Technical Information required by Listing Rule 10.13**

Pursuant to and in accordance with Listing Rule 10.13, the following information is provided in relation to Resolutions 9 and 10:

- (a) the Shares will be issued to the following persons:
  - (i) Mr Mathew Walker (or his nominee) pursuant to Resolution 9; and
  - (ii) Mr Jonathon Wild (or his nominee) pursuant to Resolution 10;each of whom falls within the category set out in Listing Rule 10.11.1 by virtue of being a Director;
- (b) the maximum number of Shares to be issued to the Share Related Parties (being the nature of the financial benefit proposed to be given) is 12,000,000 comprising:
  - (i) 10,000,000 Shares to Mr Mathew Walker (or his nominee) pursuant to Resolution 9; and
  - (ii) 2,000,000 Shares to Mr Jonathon Wild (or his nominee) pursuant to Resolution 10;

- (c) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Shares will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is anticipated the Shares will be issued on the same date;
- (e) the issue price will be \$0.03 per Share, being the same issue price as Shares issued to other participants in the Placement. The Company will not receive any other consideration for the issue of the Shares;
- (f) the purpose of the issue of Shares under the Participation is to raise capital, which the Company intends to use in the manner set out in Section 8.3(d) above;
- (g) the Shares to be issued under the Participation are not intended to remunerate or incentivise the Directors;
- (h) the Shares are not being issued under an agreement; and
- (i) a voting exclusion statements is included in this Notice.

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## **9. RESOLUTIONS 11 AND 12 – ISSUE OF OPTIONS TO RELATED PARTIES – MESSRS SEAN SMITH AND MATHEW WALKER**

### **9.1 General**

The Company has agreed, subject to obtaining Shareholder approval, to issue an aggregate of 7,000,000 Options (**Related Party Options**) to Mr Sean Smith and Mr Mathew Walker (or their respective nominees) (**Option Related Parties**) on the terms and conditions set out below.

Resolutions 11 and 12 seek Shareholder approval for the issue of the Related Party Options to the Option Related Parties.

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

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 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 issue of Related Party Options to the Option Related Parties constitutes giving a financial benefit and each of the Option Related Parties are related parties of the Company by virtue of being Directors.

The Directors have considered the issue of the Related Party Options, with each of Messrs Smith and Walker abstaining from these considerations at all relevant times due to their material personal interest in these Resolutions, and consider that

Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the grant of Related Party Options because the agreement to issue the Options, reached as part of the remuneration package for Messrs Smith and Walker, is considered reasonable remuneration in the circumstances and was negotiated on an arm's length basis.

### **9.3 Listing Rule 10.11**

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

- 10.11.1 a related party;
- 10.11.2 a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (30%+) holder in the company;
- 10.11.3 a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (10%+) holder in the company and who has nominated a director to the board of the company pursuant to a relevant agreement which gives them a right or expectation to do so;
- 10.11.4 an associate of a person referred to in Listing Rules 10.11.1 to 10.11.3;  
or
- 10.11.5 a person whose relationship with the company or a person referred to in Listing Rules 10.11.1 to 10.11.4 is such that, in ASX's opinion, the issue or agreement should be approved by its shareholders,

unless it obtains the approval of its shareholders.

The issue of Related Party Options falls within Listing Rule 10.11.1 and does not fall within any of the exceptions in Listing Rule 10.12. It therefore requires the approval of Shareholders under Listing Rule 10.11.

Resolutions 11 and 12 seek the required Shareholder approval for the issue of the Related Party Options under and for the purposes of Chapter 2E of the Corporations Act and Listing Rule 10.11.

### **9.4 Technical information required by Listing Rule 14.1A**

If Resolution 11 is passed, the Company will be able to proceed with the issue of Related Party Options to Mr Smith within one month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules). As approval pursuant to Listing Rule 7.1 is not required for the issue of the Related Party Options (because approval is being obtained under Listing Rule 10.11), the issue of the Related Party Options will not use up any of the Company's 15% annual placement capacity.

If Resolution 11 is not passed, the Company will not be able to proceed with the issue of Related Party Options to Mr Smith and the Company may need to renegotiate with Mr Smith in relation to an equity incentive package to align his interests with those of Shareholders.

If Resolution 12 is passed, the Company will be able to proceed with the issue of Related Party Options to Mr Walker within one month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules). As approval pursuant to Listing Rule 7.1 is not required for the issue of the Related Party Options (because approval is being obtained under Listing Rule

10.11), the issue of the Related Party Options will not use up any of the Company's 15% annual placement capacity.

If Resolution 12 is not passed, the Company will not be able to proceed with the issue of the Related Party Options to Mr Walker and the Company may need to renegotiate with Mr Walker in relation to an equity incentive package to align his interests with those of Shareholders.

## **9.5 Technical Information required by Listing Rule 10.13**

Pursuant to and in accordance with Listing Rule 10.13, the following information is provided in relation to Resolutions 11 and 12:

- (a) the Related Party Options will be issued to the following persons:
  - (i) Mr Sean Smith (or his nominee) pursuant to Resolution 11; and
  - (ii) Mr Mathew Walker (or his nominee) pursuant to Resolution 12;each of whom falls within the category set out in Listing Rule 10.11.1 by virtue of being a Director;
- (b) the maximum number of Related Party Options to be issued to the Option Related Parties (being the nature of the financial benefit proposed to be given) is 7,000,000 comprising:
  - (i) 3,000,000 Related Party Options to Mr Sean Smith (or his nominee) pursuant to Resolution 11; and
  - (ii) 4,000,000 Related Party Options to Mr Mathew Walker (or his nominee) pursuant to Resolution 12;
- (c) the terms and conditions of the Related Party Options are set out in Schedule 1;
- (d) the Related Party Options will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that issue of the Related Party Options will occur on the same date;
- (e) the issue price of the Related Party Options will be nil. The Company will not receive any other consideration in respect of the issue of the Related Party Options (other than in respect of funds received on exercise of the Related Party Options);
- (f) the purpose of the issue of the Related Party Options is to provide a performance linked incentive component in the remuneration package for the Option Related Parties to align the interests of the Option Related Parties with those of Shareholders, to motivate and reward the performance of the Option Related Parties in their roles as Directors and to provide a cost effective way from the Company to remunerate the Option Related Parties, which will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to the Option Related Parties;
- (g) the current total remuneration package for Mr Sean Smith \$357,173, comprising of fees/salary of \$260,000, a superannuation payment of \$24,700 and share-based payments of \$72,473. If the Related Party

Options are issued, the total remuneration package of Mr Smith will increase by \$14,631, being the value of the Related Party Options to be issued to him (based on the Black Scholes methodology);

- (h) the current total remuneration package for Mr Mathew Walker is \$120,000 comprising solely directors' fees. If the Related Party Options are issued, the total remuneration package of Mr Walker will increase by \$19,508, being the value of the Related Party Options (based on the Black Scholes methodology);
- (i) the value of the Related Party Options and the pricing methodology is set out in Schedule 2; and
- (j) the Related Party Options are not being issued under an agreement.

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## 10. RESOLUTION 13 – APPROVAL OF 7.1A MANDATE

### 10.1 General

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

However, under Listing Rule 7.1A, an eligible entity may seek shareholder approval by way of a special resolution passed at its annual general meeting to increase this 15% limit by an extra 10% to 25% (**7.1A Mandate**).

An 'eligible entity' means an entity which is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300,000,000 or less. The Company is an eligible entity for these purposes.

Resolution 13 seeks Shareholder approval by way of special resolution for the Company to have the additional 10% placement capacity provided for in Listing Rule 7.1A to issue Equity Securities without Shareholder approval.

If Resolution 13 is passed, the Company will be able to issue Equity Securities up to the combined 25% limit in Listing Rules 7.1 and 7.1A without any further Shareholder approval.

If Resolution 13 is not passed, the Company will not be able to access the additional 10% capacity to issue Equity Securities without Shareholder approval under 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.

### 10.2 Technical information required by Listing Rule 7.1A

Pursuant to and in accordance with Listing Rule 7.3A, the information below is provided in relation to Resolution 14:

(a) **Period for which the 7.1A Mandate is valid**

The 7.1A Mandate will commence on the date of the Meeting and expire on the first to occur of the following:

- (i) the date that is 12 months after the date of this Meeting;

- (ii) the time and date of the Company's next annual general meeting; and
- (iii) the time and date of approval by Shareholders of any transaction under Listing Rule 11.1.2 (a significant change in the nature or scale of activities) or Listing Rule 11.2 (disposal of the main undertaking).

(b) **Minimum Price**

Any Equity Securities issued under the 7.1A Mandate must be in an existing quoted class of Equity Securities and be issued at a minimum price of 75% of the volume weighted average price of Equity Securities in that 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 entity and the recipient of the Equity Securities; or
- (ii) if the Equity Securities are not issued within 10 trading days of the date in Section 7.2(b)(i), the date on which the Equity Securities are issued.

(c) **Use of funds raised under the 7.1A Mandate**

The Company intends to use funds raised from issues of Equity Securities under the 7.1A Mandate towards Research and development, Advertising and marketing, Administration and corporate costs and other working capital.

(d) **Risk of Economic and Voting Dilution**

Any issue of Equity Securities under the 7.1A Mandate will dilute the interests of Shareholders who do not receive any Shares under the issue.

If Resolution 13 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 7.1A Mandate, the economic and voting dilution of existing Shares would be as shown in the table below.

The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in Listing Rule 7.1A.2, on the basis of the closing market price of Shares and the number of Equity Securities on issue as at 15 October 2020.

The table also shows the voting dilution impact where the number of Shares on issue (Variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 7.1A Mandate.



| Number of Shares on Issue<br>(Variable A in Listing Rule<br>7.1A.2) |                       | Shares<br>issued –<br>10%<br>voting<br>dilution | Dilution        |                |                 |
|---|-----------------------|---|-----------------|----------------|-----------------|
|   |                       |   | Issue Price     |                |                 |
|   |                       |   | \$0.017         | \$0.034        | \$0.051         |
|   |                       |   | 50%<br>decrease | Issue<br>Price | 50%<br>increase |
|   |                       | Funds Raised                                    |                 |                |                 |
| <b>Current</b>  | 160,500,000<br>Shares | 16,050,000                                      | \$272,850       | \$545,700      | \$818,550       |
| <b>50%<br/>increase</b>   | 240,750,000<br>Shares | 24,075,000                                      | \$409,275       | \$818,550      | \$1,227,825     |
| <b>100%<br/>increase</b>  | 321,000,000<br>Shares | 32,100,000                                      | \$545,700       | \$1,091,400    | \$1,637,100     |

\*The number of Shares on issue (Variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under Listing Rule 7.1.

**The table above uses the following assumptions:**

- There are currently 160,500,000 Shares on issue comprising:
  - 123,750,000 existing Shares as at the date of this Notice of Meeting; and
  - 36,750,000 Shares which will be issued if Resolutions 10 to 12 are passed at this Meeting.
- The issue price set out above is the closing market price of the Shares on the ASX on 15 October 2020.
- The Company issues the maximum possible number of Equity Securities under the 7.1A Mandate.
- The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in Listing Rule 7.2 or with approval under Listing Rule 7.1.
- The issue of Equity Securities under the 7.1A Mandate consists only of Shares. It is assumed that no Options are exercised into Shares before the date of issue of the Equity Securities. 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.
- The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
- This table does not set out any dilution pursuant to approvals under Listing Rule 7.1 unless otherwise disclosed.
- The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
- The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 7.1A mandate, based on that Shareholder's holding at the date of the Meeting.

Shareholders should note that there is a risk that:

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

(e) **Allocation policy under the 7.1A Mandate**

The recipients of the Equity Securities to be issued under the 7.1A Mandate have not yet been determined. However, the recipients of Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company.

The Company will determine the recipients at the time of the issue under the 7.1A Mandate, having regard to the following factors:

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

(f) **Previous approval under Listing Rule 7.1A**

The Company previously obtained approval from its Shareholders pursuant to Listing Rule 7.1A at its annual general meeting held on 29 November 2020 (**Previous Approval**).

During the 12-month period preceding the date of the Meeting, being on and from [30 November 2019], the Company issued 9,900,000 Shares pursuant to the Previous Approval (**Previous Issue**), which represent approximately 19.8% of the total diluted number of Equity Securities on issue in the Company on 30 November 2019, which was 50,000,000.

Further details of the issues of Equity Securities by the Company pursuant to Listing Rule 7.1A.2 during the 12 month period preceding the date of the Meeting are set out below.

|   |   |
|---|---|
| <b>Date of Issue and Appendix 2A</b>                | <b>Date of Issue:</b> 25 September 2020<br><b>Date of Appendix 2A:</b> 25 September 2020  |
| <b>Recipients</b>                                   | Professional and sophisticated investors as part of a placement announced on 22 September 2020. The placement participants were identified through a bookbuild process, which involved CPS Capital seeking expressions of interest to participate in the placement from non-related parties of the Company. |
| <b>Number and Class of Equity Securities Issued</b> | 9,900,000 Shares <sup>1</sup>   |

|  |  |
|--|--|
| <b>Issue Price and discount to Market Price<sup>1</sup> (if any)</b> | \$0.03 per Share (at a discount 3.6% to the 15-day Volume Weighted Average Price ( <b>VWAP</b> ) as at Friday 18 September 2020.   |
| <b>Total Cash Consideration and Use of Funds</b>                     | <p><b>Amount raised:</b> \$297,000</p> <p><b>Amount spent:</b> Nil</p> <p><b>Use of funds:</b> marketing, research and development, and business development and ongoing working capital.</p> <p><b>Amount remaining:</b> \$297,000 <b>Proposed use of remaining funds<sup>2</sup>:</b> marketing, research and development, and business development and ongoing working capital.</p> |

**Notes:**

1. Fully paid ordinary shares in the capital of the Company, ASX Code: FGL (terms are set out in the Constitution).
2. This is a statement of current intentions as at the date of this Notice. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way the funds are applied on this basis.

### 10.3 Voting Exclusion Statement

As at the date of this Notice, the Company is not proposing to make an issue of Equity Securities under Listing Rule 7.1A. Accordingly, a voting exclusion statement is not included in this Notice.

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## 11. RESOLUTION 14 – APPOINTMENT OF AUDITOR AT AGM TO FILL VACANCY

Pitcher Partners BA&A Pty Ltd (ACN 601 361 095) (**Pitcher Partners**), which is the Company's current auditor, has given notice of its intention to resign as auditor of the Company to ASIC (under section 329(5) of the Corporations Act).

Upon receipt of ASIC's consent to their resignation, Pitcher Partners has advised that it will submit a notice of resignation to the Company in accordance with section 329(5) of the Corporations Act, such resignation to take effect from the date of the Meeting.

In accordance with section 328B(1) of the Corporations Act, the Company has sought and obtained a nomination from a Shareholder for HLB Mann Judd to be appointed as the Company's auditor. A copy of this nomination is attached to this Explanatory Statement as Annexure A.

HLB Mann Judd has given its written consent to act as the Company's auditor, subject to Shareholder approval and the resignation of Pitcher Partners.

If Resolution 14 is passed, the appointment of HLB Mann Judd as the Company's auditors will take effect from the close of the Annual General Meeting.

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## GLOSSARY

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**\$** means Australian dollars.

**7.1A Mandate** has the meaning given in Section 7.1.

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

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

**ASX** means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

**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.

**Chair** means the chair of the Meeting.

**Closely Related Party** of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

**Company** means Frugl Group Limited (ACN 167 770 425) .

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

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

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

**Equity Securities** includes a Share, a right to a Share or Option, an Option, a convertible security and any security that ASX decides to classify as an Equity Security.

**Explanatory Statement** means the explanatory statement accompanying the Notice.

**Key Management Personnel** has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

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

**Notice** or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

**Option** means an option to acquire a Share.

**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, or any one of them, as the context requires.

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

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

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

**Variable A** means "A" as set out in the formula in Listing Rule 7.1A.2.

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

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**SCHEDULE 1 – TERMS AND CONDITIONS OF RELATED PARTY, BROKER AND EMPLOYEE OPTIONS**

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(a) **Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) **Exercise Price**

The amount payable upon exercise of each Option will be \$0.15 (**Exercise Price**).

(c) **Expiry Date**

Each Option will expire at 4:00 pm (WST) on 30 June 2022 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Notice of Exercise**

The Options may be exercised at any time up until the Expiry Date by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(e) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(f) **Timing of issue of Shares on exercise**

Within 10 Business Days after the Exercise Date, the Company will:

- (i) allot and issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(g) **Shares issued on exercise**

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(h) **Quotation of Shares issued on exercise**

If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon exercise of the Options.

(i) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an holder of an Option are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(j) **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(k) **Change in exercise price**

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

(l) **Transferability**

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

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**SCHEDULE 2 – VALUATION OF RELATED PARTY OPTIONS**

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The Related Party Options to be issued to the Option Related Parties pursuant to Resolutions 11 and 12 have been valued by internal management.

Using the Black & Scholes option model and based on the assumptions set out below, the Related Party Options were ascribed the following value:

| <b>Assumptions:</b>                              |                 |
|--|-----------------|
| Valuation date                                   | 16 October 2020 |
| Market price of Shares                           | 3.3 cents       |
| Exercise price                                   | 15 cents        |
| Expiry date (length of time from issue)          | 30 June 2022    |
| Risk free interest rate                          | 0.23%           |
| Volatility (discount)                            | 100%            |
|  |                 |
| <b>Indicative value per Related Party Option</b> | 0.49 cents      |
|  |                 |
| <b>Total Value of Related Party Options</b>      | \$34,139        |
| - Sean Smith (Resolution 11)                     | \$14,631        |
| - Mathew Walker (Resolution 12)                  | \$19,508        |

Note: The valuation noted above is not necessarily the market price that the Related Party Options could be traded at and is not automatically the market price for taxation purposes.

Note: The valuation noted above is not necessarily the market price that the Related Party Options could be traded at and is not automatically the market price for taxation purposes.



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**ANNEXURE A – NOMINATION OF AUDITOR LETTER**

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16 October 2020:

Mrs Loren King  
Company Secretary  
Frugl Group Limited  
Suite 9, 330 Churchill Avenue  
Subiaco WA 6008

Dear Sir

I, Mathew Donald Walker being a member of Frugl Group Limited, hereby nominate HLB Mann Judd of Level 4, 130 Stirling Street Perth WA 6000, for appointment as auditors of Frugl Group Limited at the company's next Annual General Meeting or any adjournment thereof.

Please distribute copies of this notice of nomination as required by Section 328B(3) of the Corporations Act.

Yours faithfully



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Mathew Donald Walker

Holder Number:

Your proxy voting instruction must be received by **8.00am (WST) on Saturday 28 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 Chair 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 Chair of the Meeting will be appointed as your proxy by default.

### DEFAULT TO THE CHAIR OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chair of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chair 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/#/loginsah> 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:**

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

**PHONE:** 1300 288 664 (Within Australia)

+61 2 9698 5414 (Overseas)

