

Estrella Resources Limited

ACN 151 155 207

NOTICE OF GENERAL MEETING AND EXPLANATORY MEMORANDUM

28 January 2021

10.00am (WST)

Mining Corporate Boardroom
Level 11, 216 St Georges Terrace
Perth WA 6000

This Notice of General Meeting and Explanatory Memorandum should be read in its entirety. If Shareholders are in doubt as to how to vote, they should seek advice from their accountant, solicitor or other professional adviser without delay.

Should you wish to discuss any matter please do not hesitate to contact the Company by telephone on +61 08 9481 0389.

NOTICE OF MEETING

Notice is given that the General Meeting of Shareholders of Estrella Resources Limited (ACN 151 155 207) (**Company**) will be held at Level 11, 216 St Georges Terrace Perth WA on 28 January 2021 commencing at 10.00am (WST) (**Meeting**).

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

The Directors have determined pursuant to regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders at 10.00am (WST) on 26 January 2021.

Terms and abbreviations used in this Notice and Explanatory Memorandum are defined in Schedule 1.

AGENDA

1. Resolution 1 – Approval to issue Related Party Options to Director under the Plan – Mr Christopher Daws

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

“That, for the purpose of sections 195(4) and 208 of the Corporations Act, ASX Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue 2,000,000 Related Party Options to Christopher Daws (or his nominee) under the Employee Share Option Plan, on the terms and conditions set out in the Explanatory Memorandum”.

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by or on behalf of any person referred to in Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the Employee Share Option Plan (including Mr Christopher Daws or his nominee) 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 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 Prohibition Statement

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 (**Resolution 1 Excluded Party**). However, this 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 a Resolution 1 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.

Provided the Chair is not a Resolution 1 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.

2. Resolution 2 – Approval to issue Related Party Options to Director under the Plan – Mr Neil Hutchison

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

“That, for the purpose of sections 195(4) and 208 of the Corporations Act, ASX Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue 2,000,000 Related Party Options to Neil Hutchison (or his nominee) under the Employee Share Option Plan, on the terms and conditions set out in the Explanatory Memorandum”.

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by or on behalf of any person referred to in Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the Employee Share Option Plan (including Mr Neil Hutchison or his nominee) 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 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 Prohibition Statement

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 (**Resolution 2 Excluded Party**). However, this 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 a Resolution 2 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.

Provided the Chair is not a Resolution 2 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.

3. Resolution 3 – Approval to issue Related Party Options to Director under the Plan – Mr John Kingswood

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

“That, for the purpose of sections 195(4) and 208 of the Corporations Act, ASX Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue 2,000,000

Related Party Options to John Kingswood (or his nominee) under the Employee Share Option Plan, on the terms and conditions set out in the Explanatory Memorandum”.

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by or on behalf of any person referred to in Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the Employee Share Option Plan (including Mr John Kingswood or his nominee) 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 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 Prohibition Statement

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 (**Resolution 3 Excluded Party**). However, this 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 a Resolution 3 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.

Provided the Chair is not a Resolution 3 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.

4. Resolution 4 – Approval to issue Related Party Options to Director under the Plan – Mr Stephen Brockhurst

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

“That, for the purpose of sections 195(4) and 208 of the Corporations Act, ASX Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue 2,750,000 Related Party Options to Steve Brockhurst (or his nominee) under the Employee Share Option Plan, on the terms and conditions set out in the Explanatory Memorandum”.

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by or on behalf of any person referred to in Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the Employee Share Option Plan (including Mr Stephen Brockhurst or his nominee) 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 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 Prohibition Statement

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 (**Resolution 4 Excluded Party**). However, this 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 a Resolution 4 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.

Provided the Chair is not a Resolution 4 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.

5. Resolution 5 – Approval to issue Related Party Options to Director under the Plan – Mr Leslie Pereira

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

“That, for the purpose of sections 195(4) and section 208 of the Corporations Act, ASX Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue 2,000,000 Related Party Options to Leslie Pereira (or his nominee) under the Employee Share Option Plan, on the terms and conditions set out in the Explanatory Memorandum”.

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by or on behalf of any person referred to in Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the Employee Share Option Plan (including Mr Leslie Pereira or his nominee) 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 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 Prohibition Statement

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 (**Resolution 5 Excluded Party**). However, this 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 a Resolution 5 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.

Provided the Chair is not a Resolution 5 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.

6. Resolution 6 – Approval to issue Related Party Options to Consultant – Mr Douglas Daws

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 10.11 and for all other purposes, approval is given for the Company to issue 1,000,000 Related Party Options to Douglas Daws (or his nominee) on the terms and conditions set out in the Explanatory Memorandum.”

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by or on behalf of Douglas Daws (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 reasons 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 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 Prohibition Statement

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 (**Resolution 6 Excluded Party**). However, this 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 a Resolution 6 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.

Provided the Chair is not a Resolution 6 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.

Dated 21 December 2020

BY ORDER OF THE BOARD

Stephen Brockhurst
Director and Company Secretary

EXPLANATORY MEMORANDUM

1. Introduction

This Explanatory Memorandum has been prepared for the information of Shareholders of the Company in connection with the business to be conducted at the Meeting to be held at Level 11, 216 St Georges Terrace Perth WA on 28 January 2021 commencing at 10.00am (WST).

This Explanatory Memorandum should be read in conjunction with and forms part of the accompanying Notice. The purpose of this Explanatory Memorandum is to provide information to Shareholders in deciding whether or not to pass the Resolutions in the Notice.

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

2. Action to be taken by Shareholders

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

2.1 Proxies

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

Please note that:

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

Shareholders and their proxies should be aware that:

- (a) If proxy holders vote, they must cast all directed proxies as they are directed to; and
- (b) Any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details are set out below.

Proxy vote if appointment specifies way to vote

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:

- (a) 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
- (b) 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
- (c) 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
- (d) 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).

Transfer of non-chair proxy to Chair in certain circumstances

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

- (a) 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
- (b) the appointed proxy is not the Chair of the meeting; and
- (c) at the meeting, a poll is duly demanded on the resolution; and
- (d) either of the following applies:
 - (i) the proxy is not recorded as attending the meeting;
 - (ii) 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.

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

2.2 Corporate Representatives

A corporation may appoint an individual as a representative to exercise its powers as Shareholder or as a Shareholder's proxy. The representative must bring to the Meeting evidence of his or her appointment, including any authority under which it is signed, unless it has been previously given to the Company's share registry.

2.3 Submit your Proxy Vote Online

Vote online at <https://investor.automic.com.au/#/loginsah>, and simply follow the instructions on the enclosed proxy form.

Or alternatively:

2.4 Submit your Proxy Vote by Paper

If you do not wish to vote online, then it is necessary to complete in accordance with the detailed instructions set out on the enclosed Proxy Form.

The return of your completed form (ONLY if you do NOT vote online) can be done by one of the following ways:

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

2.5 Voting in Person

To vote in person, Shareholders are able to attend the Meeting at the time, date and place set out above. In light of on the status of the evolving COVID-19 situation and easing of Government restrictions on public gatherings in place at the time of the Notice and the number of Shareholders that normally attend Shareholder meetings for the Company, the Directors have made a decision that Shareholders will be able to physically attend the Meeting in person and accordingly, have arranged an appropriate meeting venue. If the Government restrictions and corresponding decision of the Director's changes prior to the Meeting, the Directors will update Shareholders via the Company's ASX platform.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 08 94810389.

3. Resolutions 1 to 5 – Approval to issue Related Party Options to Directors – Messrs Daws, Hutchison, Kingswood, Brockhurst and Pereira

3.1 General

Resolutions 1 to 5 seek Shareholder approval to issue a total of 10,750,000 unlisted Options exercisable at \$0.20 and expiring on 17 November 2023 (**Related Party Options**) to Christopher Daws, Neil Hutchison, John Kingswood, Stephen Brockhurst and Leslie Pereira (and/or their respective nominees), on the term and conditions set out below.

The Related Party Options are to be issue pursuant to the Employee Share Option Plan (**Plan**), the terms of which are summarised in Schedule 4. The main purpose of the Plan is to enable the Company to offer an additional reward to Directors, employee and consultants for providing their dedicated and ongoing commitment and effort to the Company. The Plan is designed to increase the motivation of the Company's personnel and create a stronger link between increasing Shareholder value and personnel reward.

The full terms and conditions of the Related Party Options at set out in Schedule 2.

3.2 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 the Related Party Options constitutes giving a financial benefit and Messrs Daws, Hutchison, Kingswood, Brockhurst and Pereira are related parties of the Company by virtue of being Directors.

As it is proposed that Related Party Options be granted to all of the Directors, the Directors have been unable to form a quorum to consider whether one of the exceptions set out in sections 210 to 216 of the Corporations Act applies to these issues. Accordingly, Shareholder approval is sought for the grant of the Related Party Options to Messrs Daws, Hutchison, Kingswood, Brockhurst and Pereira (and/or their respective nominees).

3.3 Section 195 of the Corporations Act

Section 195(1) of the Corporations Act prohibits a director of a public company who has a material personal interest in a matter that is being considered at a meeting of directors from being present while the matter is being considered at the meeting or voting on the matter. If there is not a quorum of directors who are eligible to vote on a matter because of the operation of section 195(1) of the Corporations Act, one or more directors may call a general meeting and the general meeting may deal with the matter.

The Directors have a material personal interest in the outcome of each of their respective Resolutions under Resolutions 1 to 5 and have exercised their right under section 195(4) of the Corporations Act to put the issue of the Related Party Options to Shareholders to resolve upon.

3.4 ASX 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:

- (a) a director of the company;
- (b) an associate of a director of the company; 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,

unless it obtains the approval of its shareholders.

The proposed issue of the Related Party Options requires approval by Shareholders under Listing Rule 10.14 as the recipients of the Related Party Options are Directors of the Company.

As Shareholder approval is sought under Listing Rule 10.14, approval under Listing Rule 7.1 (or 10.11) is not required. Accordingly, the issue of the Related Party Options will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

If Resolutions 1 to 5 (inclusive) are passed, the Company will be able to proceed with the issue of the Related Party Options to the Directors under the Plan. If Resolutions 1 to 5 (inclusive) are not passed, the Company will not be able to proceed with the issue of the Related Party Options to the Directors under the Plan and the Company may consider alternative forms of performance based remuneration in lieu of such issue.

3.5 Shareholder Approval (Chapter 2E of the Corporations Act and ASX Listing Rule 10.14)

Pursuant to and in accordance with the requirements of section 219 of the Corporations Act and ASX Listing Rule 10.15, the following information is provided in relation to Resolutions 1 to 5:

- (a) the Related Party Options will be issued under the Plan to Christopher Daws, Neil Hutchison, John Kingswood, Stephen Brockhurst and Leslie Pereira (and/or their respective nominees), each of whom are related parties (and fall within the category set out in Listing Rule 10.14.1) by virtue of being Directors;
- (b) the maximum number of Related Party Options to be issued to the Directors under the Plan (and/or their respective nominees) is 10,750,000 (being the nature of the financial benefit proposed to be given), comprising:
 - (i) 2,000,000 Related Party Options to Christopher Daws (or his nominee) pursuant to Resolution 1;
 - (ii) 2,000,000 Related Party Options to Neil Hutchison (or his nominee) pursuant to Resolution 2;
 - (iii) 2,000,000 Related Party Options to John Kingswood (or his nominee) pursuant to Resolution 3;
 - (iv) 2,750,000 Related Party Options to Steve Brockhurst (or his nominee) pursuant to Resolution 4; and
 - (v) 2,000,000 Related Party Options to Les Pereira (or his nominee) pursuant to Resolution 5;
- (c) the current total remuneration package of each Director (on an annualised basis) is set out below:

Director	Salary and fees (exclusive] of superannuation
Christopher Daws	\$290,000 ¹
Neil Hutchison	\$40,000 ¹
John Kingswood	\$40,000
Stephen Brockhurst	\$40,000
Leslie Pereira	\$40,000

¹ Effective from appointment date of 18 November 2020

- (d) a total of 14,500,000 Securities have previously been issued to the Directors (or their nominees) under the Plan at an acquisition price of nil;
- (e) the terms and conditions of the Related Party Options to be issued under Resolutions 1 to 5 are set out in Schedule 2 and Schedule 3. The Related Party Options to be issued to Neil Hutchison (and/or his nominee) are subject to vesting conditions (as set out in Schedule 3);
- (f) the Related Party Options are being issued for the following reasons:
 - (i) the issue of the Related Party Options will align the interests of the Directors with those of Shareholders;
 - (ii) the issue of the Related Party Options is a reasonable and appropriate method to provide cost effective remuneration. The non-cash form of this benefit 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;

- (iii) the number of Related Party Options to be issued to each Director is appropriate in light of the experience of each Director, the current market price of Shares, the current market practices when determining the number of Related Party Options to be issued as well as the valuation;
- (iv) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Related Party Options upon the terms proposed;
- (g) the Related Party Options have been valued by internal management using the Black & Scholes option pricing model, as set out in Schedule 5 ;
- (h) the Related Party Options will be issued to the Directors (or their respective nominees) no later than 3 years after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated the Related Party Options will be issued on one date;
- (i) the Related Party Options will be issued for nil cash consideration, accordingly no funds will be raised from their issue;
- (j) a summary of the material terms of the Plan are set out in Schedule 4;
- (k) there is no loan being offered to the Directors in respect of the issue of the Related Party Options ;
- (l) details of any Securities issued under the Plan will be published in the annual report of the Company relating to the period in which they were issued, along with a statement that approval for the issue was obtained under Listing Rule 10.14;
- (m) any additional persons covered by Listing Rule 10.14 who become entitled to participate in an issue of Securities under the Plan after Resolutions 1 to 5 are approved and who were not named in this Notice will not participate until approval is obtained under Listing Rule 10.14;
- (n) a voting exclusion statement is included in Resolutions 1-5 of the Notice;
- (o) the relevant interests of the Directors in securities of the Company as at the date of this Notice (excluding the Related Party Options) are set out below:

Director	Shares	Options
Christopher Daws	102,204,138 ¹	82,028,199 ²
Neil Hutchison	800,000 ³	-
John Kingswood	1,410,000 ⁴	24,970,000 ⁵
Stephen Brockhurst	750,000 ⁶	4,750,001 ⁷
Leslie Pereira	800,000 ⁸	11,545,769 ⁹

Notes:

1. 24,972,265 Shares held directly, 5,700,000 Shares held indirectly by Nimbus Mines Pty (a company of which Mr Daws is a director and shareholder), 47,531,873 Shares held indirectly by Apollo Phoenix Resources Pty Ltd (a company of which Mr Daws is a director and shareholder) and 24,000,000 Shares held by Kylie Anne Campbell (spouse).

2. Comprising 24,681,865 listed Options (exercisable at \$0.05 on or before 27 June 2021), 20,000,000 listed Options exercisable at \$0.02 on or before 31 July 2023, 1,000,000 unlisted Options exercisable at \$0.05 on or before 15 May 2021 and 2,500,000 unlisted Options (exercisable at \$0.03 on or before 27 June 2021) held directly. 2,795,000 listed Options (exercisable at \$0.05 on or before 27 June 2021 held indirectly by Christopher John Daws & Kylie Anne Campbell <The Moongold Super Fund A/C>.
 3. Mr Hutchison has also been issued an unlisted convertible note with a principal face value of \$20,000 (**Convertible Note**). The Convertible Note accrues interest at a rate of 12% per annum and is convertible into Shares at a conversion price of \$0.01 per Share. Refer to the Company's announcement dated 31 January 2020 for further details regarding the terms of the Convertible Note.
 4. 1,200,000 Shares held directly and 210,000 Shares held indirectly by Mr John Timothy Kingswood <Kingswood Family A/C>.
 5. Comprising 400,000 listed Options (exercisable at \$0.05 on or before 27 June 2021) held directly and 70,000 listed Options (exercisable at \$0.05 on or before 27 June 2021), 1,500,000 unlisted Options (exercisable at \$0.05 on or before 15 May 2021, 3,000,000 unlisted Options (exercisable at \$0.03 on or before 20 November 2022) and 20,000,000 listed Options (exercisable at \$0.02 on or before 31 July 2023, held indirectly by Mr John Timothy Kingswood <Kingswood Family A/C>.
 6. 500,000 Shares held directly and 250,000 Shares held indirectly by Shriver Nominees Pty Ltd (a company of which Mr Brockhurst is a director and shareholder).
 7. Comprising 83,334 listed Options (exercisable at \$0.05 on or before 27 June 2021) held indirectly by Shriver Nominees Pty Ltd (a company of which Mr Brockhurst is a director and shareholder), 750,000 unlisted Options (exercisable at \$0.05 on or before 15 May 2021) held indirectly by Stephen Brockhurst <SM Brockhurst Family A/C> and 750,000 unlisted Options (exercisable at \$0.05 on or before 15 May 2021 held indirectly by Mining Corporate Pty Ltd (a company of which Mr Brockhurst is a director and shareholder).
 8. 300,000 Shares indirectly by Carmine Lion Group Pty Ltd (a company of which Mr Pereira is a director and shareholder) and 500,000 Shares held indirectly by Nannook Holdings Pty Ltd (a company of which Mr Pereira is a director and shareholder).
 9. 2,495,769 listed Options (exercisable at \$0.05 on or before 27 June 2021) held indirectly by Carmine Lion Group Pty Ltd (a company of which Mr Pereira is a director and shareholder). 2,500,000 listed Options (exercisable at \$0.05 on or before 27 June 2021), 3,000,000 unlisted Options (exercisable at \$0.03 on or before 20 November 2022) and 3,550,000 listed Options exercisable at \$0.02 on or before 31 July 2023 held indirectly by Nannook Holdings Pty Ltd (a company of which Mr Pereira is a director and shareholder).
- (p) if the Related Party Options issued to the Directors are exercised, a total of 10,750,000 Shares would be issued. This will increase the number of Shares on issue from 862,751,314 (being the number of Shares on issue at the date of this Notice) to 873,501,314 (assuming that no other Shares are issued) with the effect that the shareholding of existing Shareholders would be diluted by an aggregate of approximately 1.23%. The actual dilution will depend on the extent that additional Shares are issued by the Company.
- The market price for Shares during the term of the Related Party Options would normally determine whether or not the Related Party Options are exercised. If, at any time any of the Related Party Options are exercised and the Shares are trading on ASX at a price that is higher than the exercise price of the Related Party Options, there may be a perceived cost to the Company.
- (q) the highest and lowest closing prices of Shares on ASX during the 12 months preceding the date of this Notice, and the closing price on the trading day before the date of this Notice, are set out below:

	Price	Date
Highest	\$0.25	20 October 2020
Lowest	\$0.005	23 March 2020, 24 March 2020, 26 March 2020, 7 April 2020 and 9 April 2020
Last	\$0.115	14 December 2020

- (r) the purpose of the issue of the Related Party Options is to provide a performance linked incentive component in the remuneration package for the Directors to align the interests of the Directors with those of Shareholders, to motivate and reward the performance of the Directors in their roles as Directors and to provide a cost effective way from the Company to remunerate the Directors, 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 Directors;
- (s) Mr Christopher Daws is the Managing Director of the Company and therefore the Board believe the issue of the Related Party Options to Mr Daws (or his nominee) is in line with Recommendation 8.3 of the The Corporate Governance Principles and Recommendations (4th Edition) as published by The ASX Corporate Governance Council (**Recommendations**). The Board acknowledges the issue of the Related Party Options to the non-executive Directors is contrary to Recommendation 8.3 of the Recommendations. However, the Board considers the issue of the Related Party Options to the non-executive Directors is reasonable in the circumstances for the reason set out in Section (f) above;
- (t) each Director has a material personal interest in the outcome of Resolutions 1 to 5 on the basis that all of the Directors (or their nominees) are to be issued Related Party Options should Resolutions 1 to 5 be passed. For this reason, the Directors do not believe that it is appropriate to make a recommendation on Resolutions 1 to 5 of this Notice;
- (u) 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 1 to 5.

4. Resolution 6 – Approval to issue Related Party Options to Consultant – Mr Douglas Daws

4.1 General

Resolutions 6 seek Shareholder approval to issue 1,000,000 unlisted Options exercisable at \$0.20 and expiring on 17 November 2023 (**Related Party Options**) to Douglas Daws (or his nominee) (**Consultant**), on the term and conditions set out below.

Douglas Daws has been engaged as a consultant on as needed, informal basis (not on a term based consultancy) to provide onsite management of the Project facilities and other service providers (being on ground at the Carr Boyd Project) to ESR as and when required by the Board. Douglas Daws has been directed by the Board to assist with the following services over the last 5 months:

- (a) provision of toilet facilities for the workers;
- (b) water pump installation; and

- (c) assistance with the communications installation.

Douglas Daws has not received any remuneration or cash payments in respect of providing these services. Accordingly, the Board has agreed to remunerate Mr Daws for his services provided by way of the issue of the Related Party Options under this Resolution 6.

The full terms and conditions of the Related Party Options at set out in Schedule 2 (being the same terms and conditions as the Options to be issued to the Directors pursuant to Resolutions 1 to 6).

4.2 Chapter 2E of the Corporations Act

A summary of Chapter 2E of the Corporations Act is set out in Section 3.2 above.

The issue of the Related Party Options to the Consultant constitutes giving a financial benefit and the Consultant is a related party of the Company by virtue of being a parent a Director, Christopher Daws.

The Directors (other than Christopher Daws) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue of Related Party Options to the Consultant because they are being issued on arm's length terms and within the exception of section 210 of the Corporations Act, taking into account the services provided by the Consultant, current market price of Shares, the current market practices when determining the number of Related Party Options to be issued to consultants, as well as the valuation (as set out in Schedule 5). Further, the non-cash form of benefit allows the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative, cash forms of payment were given to the Consultant.

4.3 ASX Listing Rule 10.11

Listing Rule 10.11 provides that, unless one of the exceptions in Listing Rule 10.12 applies, an entity must not issue or agree to issue equity securities to (among other persons) a related party without the approval of shareholders. Douglas Daws is a related party by virtue of being a parent of a Director, as set out in Listing Rule 10.11.1. As the issue of the Related Party Options to Douglas Daws involves the issue of equity securities to a related party, Shareholder approval pursuant to Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in Listing Rule 10.12 do not apply in the current circumstances.

Pursuant to Listing Rule 7.2 exception 14, where approval under Listing Rule 10.11 is obtained, approval is not required under Listing Rule 7.1 and the issue of securities will not be included in the Company's 15% annual placement capacity.

If Resolution 6 is passed, the Company will be able to proceed with the issue of the Related Party Options to the Consultant. If Resolution 6 is not passed, the Company will not be able to proceed with the issue of the Related Party Options to the Consultant and the Company may consider alternative forms of remuneration in lieu of such issue.

4.4 Technical Information required by ASX Listing Rule 10.13

Pursuant to and in accordance with the requirements of ASX Listing Rule 10.13, the following information is provided in relation to Resolution 6:

- (a) the Related Party Options will be issued to Douglas Daws (and/or his nominee);
- (b) Douglas Daws is a related of the Company by virtue of being the parent of Director, Christopher Daws (and falls within the category set out in Listing Rule 10.11.1);

- (c) the maximum number of Related Party Options to be issued to Douglas Daws (and/or his nominee) is 1,000,000;
- (d) the terms and conditions of the Related Party Options to be issued under Resolution 6 are set out in Schedule 2;
- (e) the Related Party Options will be issued to the Consultant (and/or his nominee) no later than 1 month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated the Related Party Options will be issued on one date;
- (f) the Related Party Options will be issued for nil cash consideration, accordingly no funds will be raised from their issue;
- (g) the Related Party Options are being issued to the Consultant for the following reasons:
 - (i) the issue of the Related Party Options is a reasonable and appropriate method to provide cost effective remuneration. The non-cash form of this benefit 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;
 - (ii) the number of Related Party Options to be issued to the Consultant is appropriate in light of the services provided by the Consultant, current market price of Shares, the current market practices when determining the number of Related Party Options to be issued to consultants, as well as the valuation; and
 - (iii) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Related Party Options upon the terms proposed
- (h) the Company does not consider that the Consultant is an associate of Christopher Daws (i.e. he is not controlled by, or acting in concert with, Christopher Daws). However, the Consultant is a related party of the Company by virtue of being the parent of a Director. The current total remuneration package of Christopher Daws is set out in Section 3.5(c) above;
- (i) the Related Party Options are not being issued to the Consultant under an agreement; and
- (j) a voting exclusion statement is included in Resolution 6 of the Notice.

SCHEDULE 1 – DEFINITIONS

In this Notice and the Explanatory Memorandum:

\$ means Australian Dollars.

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

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

Board means the board of Directors.

Business Day means:

- (a) for determining when a notice, consent or other communication is given, a day that is not a Saturday, Sunday or public holiday in the place to which the notice, consent or other communication is sent; and
- (b) for any other purpose, a day (other than a Saturday, Sunday or public holiday) on which banks are open for general banking business in Perth.

Chair means the person appointed to chair the Meeting convened by this Notice.

Closely Related Party means:

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

Company means Estrella Resource Ltd (ACN 151 155 207).

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

Director means a director of the Company.

Employee Share Option Plan or **Plan** means the Company's Employee Share Option Plan approved by Shareholders at the Company's annual general meeting held on 25 September 2020.

Explanatory Memorandum means the explanatory memorandum attached to the Notice.

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.

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

Notice means this notice of meeting.

Option means an option which entitles the holder to subscribe for one Share on the terms and conditions set out in Schedule 2, which the Company intends to seek quotation for on the ASX.

Plan means the Employee Share Option Plan approved by Shareholders at the Company's annual general meeting held on 25 September 2020, the terms of which are summarised in Schedule 4.

Proxy Form means the proxy form attached to the Notice.

Related Party has the meaning set out in the ASX Listing Rule 10.11.

Related Party Options means Options proposed to be issued pursuant to Resolutions 1 to 6 on the terms and conditions set out in Schedule 2 and Schedule 3 (as applicable).

Resolution means resolution contained in the Notice.

Schedule means a schedule to this Notice.

Section means a section contained in this Explanatory Memorandum.

Security means a Share or Option.

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

Shareholder means a shareholder of the Company.

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

WST means Western Standard Time, being the time in Perth, Western Australia.

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

SCHEDULE 2 –TERMS AND CONDITIONS OF RELATED PARTY OPTIONS

The terms and conditions of the Related Party Options to be issued to each of Christopher Daws, John Kingswood, Stephen Brockhurst, Leslie Pereira and Douglas Daws (and/or their respective nominees) pursuant to Resolutions 1 and 3 to 6 (as applicable), are as follows:

(a) **Entitlement**

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

(b) **Exercise Price**

Subject to paragraph (i), the amount payable upon exercise of each Option will be \$0.20 (**Exercise Price**)

(c) **Expiry Date**

Each Option will expire at 5:00 pm (WST) on 17 November 2023 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

The Options may be exercised during the Exercise Period 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.

(f) **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**).

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

Within 15 Business Days after the Exercise Date, the Company will:

- (i) 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 (i)(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.

(h) **Shares issued on exercise**

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

(i) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder 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.

SCHEDULE 3 – TERMS AND CONDITIONS OF RELATED PARTY OPTIONS

The terms and conditions of the Related Party Options to be issued to Neil Hutchison (and/or his nominee) pursuant to Resolution 2 are as follows:

(a) **Entitlement**

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

(b) **Exercise Price**

Subject to paragraph (i), the amount payable upon exercise of each Option will be \$0.20 (**Exercise Price**).

(c) **Expiry Date**

Each Option will expire at 5:00 pm (WST) on 17 November 2023 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The Options are exercisable at any time on and from 17 November 2021, until the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

The Options may be exercised during the Exercise Period 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.

(f) **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**).

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

Within 15 Business Days after the Exercise Date, the Company will:

- (iv) 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;
- (v) 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
- (vi) 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 (i)(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.

(h) **Shares issued on exercise**

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

(i) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder 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.

SCHEDULE 4 – SUMMARY OF EMPLOYEE SHARE OPTION PLAN

The key terms of the Employee Share Option Plan are as follows:

1. Incentive option plan

- (a) **Eligibility:** Participants in the Option Plan may be:
- (i) a Director (whether executive or non-executive) of the Company and any associated body corporate of the Company (each a **Group Company**);
 - (ii) a full or part time employee of any Group Company;
 - (iii) a casual employee or contractor of a Group Company to the extent permitted by ASIC Class Order 14/1000 as amended or replaced (**Class Order**); or
 - (iv) a prospective participant, being a person to whom the offer is made but who can only accept the offer if an arrangement has been entered into that will result in the person becoming a participant under subparagraphs (i), (ii), or (iii) above,
- who is declared by the Board to be eligible to receive grants of Options under the Option Plan (**Eligible Participants**).
- (b) **Offer:** The Board may, from time to time, in its absolute discretion, make a written offer to any Eligible Participant (including an Eligible Participant who has previously received an offer) to apply for up to a specified number of Options, upon the terms set out in the Option Plan and upon such additional terms and conditions as the Board determines.
- (c) **Plan limit:** The Company must have reasonable grounds to believe, when making an offer, that the number of Shares to be received on exercise of Options offered under an offer, when aggregated with the number of Shares issued or that may be issued as a result of offers made in reliance on the Class Order at any time during the previous 3 year period under an employee incentive scheme covered by the Class Order or an ASIC exempt arrangement of a similar kind to an employee incentive scheme, will not exceed 5% of the total number of Shares on issue at the date of the offer.
- (d) **Issue price:** Unless the Options are quoted on the ASX, Options issued under the Option Plan will be issued for no more than nominal cash consideration.
- (e) **Vesting Conditions:** An Option may be made subject to vesting conditions as determined by the Board in its discretion and as specified in the offer for the Option.
- (f) **Vesting:** The Board may in its absolute discretion (except in respect of a Change of Control occurring where Vesting Conditions are deemed to be automatically waived) by written notice to a Participant (being an Eligible Participant to whom Options have been granted under the Option Plan or their nominee where the Options have been granted to the nominee of the Eligible Participant (**Relevant Person**)), resolve to waive any of the Vesting Conditions applying to Options due to:
- (i) Special Circumstances arising in relation to a Relevant Person in respect of those Options, being:
 - (A) a Relevant Person ceasing to be an Eligible Participant due to:

- (I) death or Total or Permanent Disability of a Relevant Person; or
 - (II) Retirement or Redundancy of a Relevant Person;
- (B) a Relevant Person suffering Severe Financial Hardship;
- (C) any other circumstance stated to constitute "Special Circumstances" in the terms of the relevant Offer made to and accepted by the Participant; or
- (D) any other circumstances determined by the Board at any time (whether before or after the Offer) and notified to the relevant Participant which circumstances may relate to the Participant, a class of Participant, including the Participant or particular circumstances or class of circumstances applying to the Participant; or
- (ii) a Change of Control occurring; or
- (iii) the Company passing a resolution for voluntary winding up, or an order is made for the compulsory winding up of the Company.
- (g) **Lapse of an Option:** An Option will lapse upon the earlier to occur of:
 - (i) an unauthorised dealing in the Option;
 - (ii) a Vesting Condition in relation to the Option is not satisfied by its due date, or becomes incapable of satisfaction, unless the Board exercises its discretion to waive the Vesting Conditions and vest the Option in the circumstances set out in paragraph (f) or the Board resolves, in its absolute discretion, to allow the unvested Options to remain unvested after the Relevant Person ceases to be an Eligible Participant;
 - (iii) in respect of unvested Option only, an Eligible Participant ceases to be an Eligible Participant, unless the Board exercises its discretion to vest the Option in the circumstances set out in paragraph (f) or the Board resolves, in its absolute discretion, to allow the unvested Options to remain unvested after the Relevant Person ceases to be an Eligible Participant;
 - (iv) in respect of vested Options only, a relevant person ceases to be an Eligible Participant and the Option granted in respect of that person is not exercised within one (1) month (or such later date as the Board determines) of the date that person ceases to be an Eligible Participant;
 - (v) the Board deems that an Option lapses due to fraud, dishonesty or other improper behaviour of the Eligible Participant;
 - (vi) the Company undergoes a Change of Control or a winding up resolution or order is made and the Board does not exercise its discretion to vest the Option;
 - (vii) the expiry date of the Option.
- (h) **Shares:** Shares resulting from the exercise of the Options shall, subject to any Sale Restrictions (refer paragraph (i)) from the date of issue, rank on equal terms with all other Shares on issue.

- (i) **Sale Restrictions:** The Board may, in its discretion, determine at any time up until exercise of Options, that a restriction period will apply to some or all of the Shares issued to an Eligible Participant (or their eligible nominee) on exercise of those Options up to a maximum of seven (7) years from the grant date of the Options. In addition, the Board may, in its sole discretion, having regard to the circumstances at the time, waive any such restriction period determined.
- (j) **No Participation Rights:** There are no participating 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.
- (k) **Change in exercise price of number of underlying securities:** Unless specified in the offer of the Options and subject to compliance with the ASX Listing Rules, an Option does not confer the right to a change in exercise price or in the number of underlying Shares over which the Option can be exercised.
- (l) **Reorganisation:** If, at any time, the issued capital of the Company is reorganised (including consolidation, subdivision, reduction or return), all rights of a 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 reorganisation.
- (m) **Trust:** The Board may, at any time, establish a trust for the sole purpose of acquiring and holding Shares in respect of which a Participant may exercise, or has exercised, vested Options, including for the purpose of enforcing the disposal restrictions and appoint a trustee to act as trustee of the trust. The trustee will hold the Shares as trustee for and on behalf of a Participant as beneficial owner upon the terms of the trust. The Board may at any time amend all or any of the provisions of the Option Plan to effect the establishment of such a trust and the appointment of such a trustee.

SCHEDULE 5 – VALUATION OF RELATED PARTY OPTIONS

The Related Party Options to be issued pursuant to Resolutions 1 to 6 have been valued by internal management. Using the Black & Scholes option pricing model and based on the assumptions set out below, the Related Party Options were ascribed the following value range:

Assumptions:	
Valuation date	1 December 2020
Market price of Shares	\$0.11
Exercise price	\$0.20
Expiry date (length of time from issue)	17 November 2023
Risk free interest rate	0.8%
Volatility (discount)	100%
Indicative value per Related Party Option	\$0.054
Total value of Related Party Options	\$639,126
- Christopher Daws	\$108,787
- Neil Hutchison	\$108,787
- John Kingswood	\$108,787
- Stephen Brockhurst	\$149,583
- Leslie Pereira	\$108,787
- Douglas Daws	\$54,394

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.

Proxy Voting Form

If you are attending the meeting in person, please bring this with you for Securityholder registration.

Holder Number:

Your proxy voting instruction must be received by **10.00am (WST) on Tuesday, 26 January 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/#/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

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)

