



ACN 126 741 259

NOTICE OF ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held at Suite 2, 20 Howard Street, Perth, Western Australia on Wednesday, 19 May 2021 commencing at 11:30am (WST).

This Notice and the accompanying Explanatory Memorandum should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their investment advisor, accountant, solicitor or other professional adviser prior to voting.

Should you wish to discuss any matter relating to this notice of meeting, please do not hesitate to contact the Company Secretary by telephone on + 61 8 6144 0592.

Shareholders are urged to attend or vote by lodging the Proxy Form enclosed with the Notice.

KULA GOLD LIMITED

ACN 126 741 259

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the annual general meeting of shareholders of Kula Gold Limited (“Kula” or the “Company”) will be held at Suite 2, 20 Howard Street, Perth, Western Australia on Wednesday, 19 May 2021 commencing at 11:30am (WST) (“Meeting”).

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

The Directors have determined pursuant to regulations 7.11.37 and 7.11.38 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders on Monday, 17 May 2021 at 5:00pm (WST).

AGENDA

Annual Report

To consider the Annual Report of the Company and its controlled entities for the financial year ended 31 December 2020, which includes the Financial Report, the Directors' Report and the Auditor's Report.

Resolution 1 – Remuneration Report (Ordinary Resolution)

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

"That, pursuant to and in accordance with section 250R(2) of the Corporations Act and for all other purposes, approval is given by the Shareholders for the adoption of the Remuneration Report on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

A vote on this Resolution must not be cast:

- (a) by or on behalf of a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such member, regardless of the capacity in which the vote is cast; or
- (b) by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member.

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

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

Resolution 2 – Re-election of Director – Mr Mark Stowell (Ordinary Resolution)

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

"That, pursuant to and in accordance with the Constitution and for all other purposes, Mr Stowell, Director, retires and being eligible for re-appointment, is re-elected as a Director on the terms and conditions in the Explanatory Memorandum."

Resolution 3 – Ratification of Placement Shares (Ordinary Resolution)

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

“That for the purpose of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 23,370,000 Shares at an issue price of 4.0 cents each on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting.”

Voting Exclusion:

The Company will disregard any votes cast in favour of Resolution 3 by or on behalf of

- any person who participated in the issue; or
- any associates of those persons.

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

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

Resolution 4 – Enable the issue of Options under an Employee Incentive Scheme – KGD Incentive Option Plan

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 7.2 (Exception 13) and for all other purposes, approval is given to enable the Company to issue Options under the employee incentive scheme titled “KGD Incentive Option Plan”, on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion The Company will disregard any votes cast in favour of this Resolution by or on behalf of any person who is eligible to participate in the KGD Incentive Option Plan, or any of their associates.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if the proxy is either:

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

However, the above prohibition does not apply if:

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

Resolution 5 – Approval of 10% Issuance Capacity

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 Equity Securities totalling up to 10% of the issued capital of the Company at the time of issue, calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 and otherwise on the terms and conditions set out in the Explanatory Statement.”

By order of the Board

Luke Abbott
Company Secretary

Dated: 13/04/2021

EXPLANATORY MEMORANDUM

This Explanatory Memorandum has been prepared for the information of shareholders of Kula Gold Limited in connection with the business specified to be conducted in the attached Notice of General Meeting at the Annual General Meeting of Shareholders.

The purpose of this Explanatory Memorandum is to provide information that the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

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

1. Action to be taken by Shareholders

The Notice of Meeting, Explanatory Memorandum and Proxy Form are all important documents. The Directors recommend that Shareholders read them carefully in their entirety before making a decision on how to vote at the General Meeting.

1.1. Proxies

A Proxy Form is enclosed with 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 set out in the Proxy Form. Returning the Proxy Form to the Company will not preclude a Shareholder from attending or (subject to the voting exclusions set out in the Notice) voting at the Meeting in person.

Please note that:

- (a) a Shareholder entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- (c) a proxy need not be a Shareholder; and
- (d) a Shareholder 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. Where the proportion or number is not specified, each proxy may exercise half of the votes.

Proxy Forms must be received by the Company no later than 5:00pm (WST) on Monday, 17 May 2021.

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

1.2. Voting Prohibition by Proxy Holders (Remuneration of Key Management Personnel - Resolution 1)

A vote on Resolution 1 must not be cast:

- (a) by or on behalf of a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such member, regardless of the capacity in which the vote is cast; or
- (b) by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member.

However, a vote may be cast by such persons if the vote is not cast on behalf of a person who is excluded from voting on Resolution 1, and:

- (a) the person is appointed as a proxy that specifies the way the proxy is to vote on Resolution 1; or
- (b) the person is the Chairperson and the appointment of the Chairperson as proxy does not specify the way the proxy is to vote on Resolution 1, but expressly authorises the Chairperson to exercise the proxy even if Resolution 1 is connected with the remuneration of a member of the Key Management Personnel.

2. Annual Report

In accordance with section 317(1) of the Corporations Act, the Annual Report for the financial year ended 31 December 2020 must be presented to the Meeting.

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

- (a) discuss the Annual Report which is available online at www.Kulagold.com.au
- (b) ask questions about, or comment on, the management of the Company; and
- (c) ask the Auditor questions about the conduct of the audit and the preparation and content of the Auditor's Report.

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

- (a) the preparation and contents of the Auditor's Report;
- (b) the conduct of the audit;
- (c) accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- (d) the independence of the Auditor in relation to the conduct of the audit.

may be submitted no later than 5 business days before the Meeting to the Company Secretary at the Company's registered office.

3. Resolution 1 – Remuneration Report

In accordance with section 250R(2) of the Corporations Act, the Company must put the Remuneration Report to the vote of Shareholders. The Directors' Report contains the Remuneration Report which sets out:

- (a) the Company's remuneration policy; and
- (b) the remuneration arrangements in place for the executive Directors, specified executives and non-executive Directors.

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

Pursuant to the Corporations Act, Shareholders will have the opportunity to remove the whole Board except the Managing Director if the Remuneration Report receives a 'no' vote of 25% or more ("Strike") at two consecutive AGMs.

If a resolution on the Remuneration Report receives a Strike at two consecutive AGMs, the Company will be required to put to Shareholders at the second AGM, a resolution on whether another meeting should be held (within 90 days) at which all Directors (other than the Managing Director) who were in office at the date of approval of the applicable Directors' Report must stand for re-election.

The Company's Remuneration Report did not receive a Strike at the Company's 2020 AGM. If the Remuneration Report receives a Strike at the Meeting, Shareholders should be aware that if a second Strike is received at the Company's 2022 AGM, this may result in the re-election of the Board.

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

If the Chairperson is appointed as your proxy and you have not specified the way the Chairperson is to vote on Resolution 1, by signing and returning the Proxy Form, you are considered to have provided the Chairperson with an express authorisation for the Chairperson to vote the proxy in accordance with the Chairperson's intention, even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

4. Resolution 2 - Re-election of Director – Mr M. Stowell

The Constitution requires that at the Company's annual general meeting, one-third of the Directors for the time being, (rounded to the nearest whole number), shall retire from office. A Director who retires by rotation is eligible for re-election. The Company currently has two Directors who have not been appointed since the last AGM and accordingly one must retire. Mr Stowell has agreed to retire by rotation and seeks re-election.

Details of Mr Stowell's qualifications and experience are set out in the Annual Report.

5. Resolution 3 - Ratification of Placement Shares

5.1. Background

On the 5 March 2021 the Company announced that it was making a placement of 23,370,000 shares at 4 cents per share for the purpose of working capital to undertake the company's exploration activities. All of these shares were issued under the Company's Listing Rule 7.1 capacity. Resolution 3 seeks the ratification of the agreement to issue new shares through the placement.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12-month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12-month period.

ASX Listing Rule 7.4 provides that where a company in general meeting ratifies an agreement to issue securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

By ratifying the agreement to issue shares, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder.

5.2. ASX Listing Rule Information

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided:

- i) The Shares were issued to sophisticated investors, none of whom are related parties of the Company;
- ii) 23,370,000 Shares were issued. The Shares issued are fully paid ordinary shares in the capital of the Company, issued on the same terms and conditions as the Company's existing Shares;
- iii) The Shares were issued on 12 March 2021.
- iv) The Shares were issued at 4.0 cents per Share to raise \$934,800;
- v) The funds raised from the placement issue will be used to provide working capital for exploration activities.

In accordance with Listing Rule 14.1A, the effect of security holders giving, or not giving, approval to this resolution is as follows:

- i) If the resolution is passed, the Issue will be excluded in calculating the Company's 15% limit in Listing Rule 7.1, effectively increasing the number of equity securities it can issue without shareholder approval over the 12 month period following the Issue Date.
- ii) If the resolution is not passed, the Issue will be included in calculating the Company's 15% limit in Listing Rule 7.1, effectively decreasing the number of equity securities it can issue without shareholder approval over the 12 month period following the Issue Date.

5.3 The details of the parties issued with shares under the placement are:

Entity	Allocation (Shares)
Institutions and Brokers	
SG Hiscock & Company	2,000,000
GTT Ventures	2,970,000
Taylor Collison	2,500,000
Fosters Stockbroking	2,500,000
Whistler Wealth	1,735,831
GBA Capital	875,000
HOP VALLEY HOLDINGS PTY LTD	2,500,000
Toltec Holdings Pty Ltd A/C	1,500,000
MR J and Mrs L Hughes <inkese super ac>	1,250,000
ICHIBAN INVESTMENTS PTY LTD	1,000,000
RIYA INVESTMENTS PTY LTD	1,000,000
M Hayes	1,000,000
STELLA EQUITY PTY LTD <STELLA A/C>	800,000
Slade Pascoe Pty Ltd <TBFT>	614,169
Kamasi Pty Ltd	500,000
AS FINI INVESTMENT TRUST	125,000
A Anderson	250,000
M Hickman	250,000
	23,370,000

6 Resolution 5 – Enable the issue of Options under an Employee Incentive Scheme – KGD Incentive Option Plan

6.1 General

The Company proposes to implement an employee incentive scheme titled 'KGD Incentive Option Plan' (**Plan**).

The objective of the Plan is to attract, motivate and retain key employees and it is considered by the Company that the implementation of the Plan and future issues of Options under the Plan will provide selected directors, employees and consultants with the opportunity to participate in the future growth of the Company.

6.2 Summary of terms of KGD Incentive Option Plan

A summary of the material terms of the Plan is set out at Schedule 1.

6.3 ASX Listing Rules 7.1 and 7.2 Exception 13

Certain issues of equity securities are exempt from the restrictions of ASX Listing Rule 7.1, and are effectively disregarded for the purposes of determining the number of equity securities that a listed company has issued within a 12 month period.

ASX Listing Rule 7.2 Exception 13 creates an exception from Listing Rule 7.1 for the issue of equity securities pursuant to an employee incentive scheme for a period of 3 years after either:

- a) the listing of the company, provided that the terms of the employee incentive scheme were summarised and the maximum number of equity securities proposed to be issued under the scheme were set out in the company's listing prospectus; or
- b) shareholders have approved the issue of securities under the employee incentive scheme being an exception from ASX Listing Rule 7.1, provided that the notice of meeting included a summary of the employee incentive scheme and certain required disclosures about the number of securities previously issued under the scheme and the maximum number that may be issued under the scheme.

The exemption is only available for the issue of equity securities under the employee incentive scheme up to the maximum number stated in the prospectus or notice of meeting, as applicable. The exemption also ceases to be available if there is a material change to the terms of the employee incentive scheme after shareholder approval has been obtained.

6.4 Effect of the Resolution

Resolution 5 seeks Shareholder approval for the issue of Options under the Plan to be an exception from Listing Rule 7.1 for a period of 3 years.

If Shareholders approve this Resolution, any issue of Options under the Plan over the 3 years after the date of the Meeting (up to the maximum number calculated as set out in Section 6.6c)) will not use up a portion of the Company's Placement Capacity when that issue is made. This means that the Company will preserve its flexibility to issue equity securities without seeking Shareholder approval if and when it grants Options under the Plan.

It should be noted that if the Resolution is passed, the Company will only be able issue equity securities under the Plan to eligible participants who are unrelated parties without seeking prior Shareholder approval. Any proposed issue of Options to a Director or other related party, or any of their associates, under the Plan will require prior Shareholder approval under ASX Listing Rule 10.14.

If Shareholders do not approve this Resolution, the Company may still decide in future to grant Options to eligible employees and consultants who are unrelated parties under the Plan, but each such issue will not be exempt from Listing Rule 7.1 and will use up a portion of the Company's Placement Capacity at the relevant time made (unless another exemption from Listing Rule 7.1 is applicable). The issue of Options under the Plan in those circumstances would therefore reduce the Company's ability to issue equity securities without seeking Shareholder approval.

6.5 Directors' recommendation

Directors are eligible to be offered Options under the Plan, however, any proposed grant of Options to a Director or their associates requires prior Shareholder approval under Listing Rule 10.14 before it can be made, and the passing of this Resolution will not enable the Company to issue any equity securities to a Director or their associates. The Directors recommend that Shareholders vote in favour of this Resolution.

6.6 Technical information required by Listing Rule 7.2 Exception 13

Pursuant to and in accordance with ASX Listing Rule 7.2 Exception 13, the following information is provided in relation to this Resolution:

- a) A summary of the plan is set out at Schedule 1;
- b) no Options have previously been issued under the Plan.
- c) the maximum number of Options to be issued under the Plan (other than issues approved by Shareholders under ASX Listing Rule 10.14) following approval under this Resolution at any given time, unless otherwise approved by Shareholders, will be 8,958,782 (being 5% of the number of the Company's fully paid ordinary shares on issue at the date of this Notice – 179,175,632 Shares).

7 Resolution 6 – Approval of 10% Issuance Capacity

7.1 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.

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%.

An "eligible entity" means an entity which is not included in the S&P/ASX300 Index and which has a market capitalisation of \$300 million or less at the date of the Meeting. The Company is an eligible entity for these purposes as at the date of this Notice.

Resolution 6 seeks Shareholder approval by way of special resolution for the Company to have the additional 10% capacity provided for in Listing Rule 7.1A to issue equity securities without Shareholder approval (**Additional Issuance Capacity**).

If Resolution 6 is not passed, the Company will not be able to access the Additional Issuance Capacity and will remain subject to the 15% limit on issuing equity securities without Shareholder approval set out in Listing Rule 7.1.

The Board considers it is in the Company's best interests to have the opportunity to take advantage of the flexibility to issue additional securities provided under ASX Listing Rule 7.1A. As at the date of this Notice, no decision has been made by the Board to undertake any issue of securities under the Additional Issuance Capacity if Shareholders approve Resolution 6. The Board unanimously recommend that Shareholders vote in favour of Resolution 6.

The information below provides more background on ASX Listing Rule 7.1A and the disclosure required by ASX Listing Rule 7.3A.

7.2 Description of ASX Listing Rule 7.1A

a) Securities that may be issued under the Additional Issuance Capacity

Under the Additional Issuance Capacity, the Company must issue Equity Securities belonging to an existing quoted class of the Company's Equity Securities. As at the date of this Notice, the Company has on issue one class of quoted Equity Securities, being fully paid ordinary shares (ASX Code: **KGD**).

b) Minimum issue price

Equity Securities issued under the Additional Issuance Capacity must be issued for cash consideration per security which is not less than 75% of the volume weighted average market price for the securities in that class, calculated over the 15 ASX trading days on which trades of securities in that class were recorded immediately before:

- (i) the date on which the price at which the securities are to be issued is agreed by the Company and the recipient of the securities; or
- (ii) if the securities are not issued within 10 ASX trading days of the date in paragraph (i) above, the date on which the securities are issued.

The Company will disclose this information when Equity Securities are issued under the Additional Issuance Capacity.

c) Period for which approval will be valid

Shareholder approval of the Additional Issuance Capacity will be valid for the period commencing on the date of the Meeting and expiring on the first to occur of the following:

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

(Additional Issuance Period).

d) Dilution risks

If Equity Securities are issued under the Additional Issuance Capacity, there is a risk of economic and voting dilution of existing Shareholders, including the following risks:

- (i) the market price for Equity Securities in the class of securities issued under the Additional Issuance Capacity may be significantly lower on the issue date than on the date of the approval under ASX Listing Rule 7.1A (that is, the date of the Meeting, if Resolution 6 is approved); and
- (ii) the Equity Securities may be issued under the Additional Issuance Capacity at a discount to the market price for those Equity Securities on the issue date,

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

The below table shows the potential dilution of existing Shareholders on the basis of the market price of Shares and the number of ordinary securities for variable "A" calculated in accordance with the formula in ASX Listing Rule 7.1A.2, both as at 8 April 2021.

The table also shows:

two examples where variable "A" has increased, by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue as at 8 April 2021. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlement offer or securities issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future general meeting; and

- (i) two examples of where the issue price of ordinary securities has decreased by 50% and increased by 50% as against the market price as at 8 April 2021.

Number of Shares on Issue (Variable 'A' in ASX Listing Rule 7.1A2)	Dilution			
	Issue Price (per Share)	\$0.022 50% decrease in Issue Price	\$0.044 Issue Price	\$0.066 50% increase in Issue Price
179,175,632 (Current Variable A)	Shares issued - 10% voting dilution	17,917,563	17,917,563	17,917,563
	Funds Raised	394,186	788,372	1,182,559
268,763,448 (50% increase in Variable A)	Shares issued – 10% voting dilution	26,876,344	26,876,344	26,876,344
	Funds Raised	591,279	1,182,559	1,773,838
358,351,264 (100% increase in Variable A)	Shares issued – 10% voting dilution	35,835,126	35,835,126	35,835,126
	Funds Raised	788,372	1,576,745	2,365,118

* 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:

1. There are currently 179,175,632 Shares on issue.
2. The issue price set out above is the closing price of the Shares on the ASX on 8 April 2021.
3. The Company issues the maximum possible number of Equity Securities under the Additional Issuance Capacity.
4. The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in ASX Listing Rule 7.2 or with approval under ASX Listing Rule 7.1.
5. The issue of Equity Securities under the Additional Issuance Capacity consists only of Shares and the consideration provided for those Shares is cash. It is assumed that no Options are exercised into Shares before the date of issue of the Equity Securities.
6. 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.
7. This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1.
8. 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%.

e) Purpose of issues under Additional Issuance Capacity

The Company may issue Equity Securities under the Additional Issuance Capacity to raise cash to fund the following:

- (i) general working capital expenses;
- (ii) activities associated with its current business;
- (iii) repayment of debt; or
- (iv) the acquisition of new assets and investments (including any expenses associated with such an acquisition).

The Company will comply with the disclosure requirements of ASX Listing Rule 7.1A.4 on issue of any Equity Securities pursuant to the approval sought by Resolution 6.

f) Allocation policy under Additional Issuance Capacity

The Company's allocation policy and the identity of the recipients of Equity Securities issued under the Additional Issuance Capacity will be determined on a case-by-case basis at the time of issue and in the Company's discretion.

No decision has been made in relation to an issue of Equity Securities under the Additional Issuance Capacity, including whether the Company will engage with new investors or existing Shareholders, and if so the identities of any such persons.

- (i) However, when determining the allocation policy and the identity of the recipients, the Company will have regard to the following considerations:
- (ii) prevailing market conditions;
- (iii) the purpose for the issue of the Equity Securities;
- (iv) the financial situation and solvency of the Company;
- (v) impacts of the placement on control;
- (vi) other methods of raising capital; and
- (vii) advice from corporate, financial and broking advisers (if applicable).

(viii) Recipients may include existing Shareholders or new investors, but not persons who are related parties or associates of related parties of the Company. If the issue is made in connection with the acquisition of assets, the recipients may be the sellers of those assets.

g) Previous issues under the Additional Issuance Capacity

The Company has not issued any Equity Securities pursuant to Listing Rule 7.1A.2 in the 12 months preceding the date of the Meeting.

7.3 Voting exclusion

At the time of dispatching this Notice, the Company is not proposing to make an issue of Equity Securities under the Additional Issuance Capacity, and a voting exclusion statement is therefore not included in this Notice.

Schedule 1 – Summary of the key terms of the KGD Incentive Option Plan

The key terms of the Plan are summarised below:

(a) **Eligibility:** Participants in the 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 as otherwise permitted by the Board in its sole discretion; 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 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 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 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 Plan or their nominee where the Options have been granted to the nominee of the Eligible Participant), 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; 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) 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) **Not transferrable:** Options are only transferrable in Special Circumstances with the prior written consent of the Board (which may be withheld in its absolute discretion) or by force of law upon death, to the Participant's legal personal representative or upon bankruptcy to the participant's trustee in bankruptcy.
- (i) **Shares:** Shares resulting from the exercise of the Options shall, subject to any Sale Restrictions (refer paragraph (k)) from the date of issue, rank on equal terms with all other Shares on issue.
- (j) **Quotation of Shares:** If Shares of the same class as those issued upon exercise of Options issued under the Plan are quoted on the ASX, the Company will, subject to the ASX Listing Rules, apply to the ASX for those Shares to be quoted on ASX within 10 business days of the later of the date the Shares are issued and the date any restriction period applying to the disposal of Shares ends.
- (k) **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.
- (l) **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.
- (m) **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.
- (n) **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.
- (o) **Amendments:** Subject to express restrictions set out in the Plan and complying with the Corporations Act, ASX Listing Rules and any other applicable law, the Board may at any time by resolution amend or add to all or any of the provisions of the Plan, or the terms or conditions of any Option granted under the Plan including giving any amendment retrospective effect.
- (p) **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 Plan to effect the establishment of such a trust and the appointment of such a trustee.

Definitions: Capitalised terms used in the above summary are as defined in the Plan, including:

Associated Body Corporate means:

- (a) a related body corporate (as defined in the Corporations Act) of the Company;
- (b) a body corporate which has an entitlement to not less than 20% of the voting Shares of the Company; and
- (c) a body corporate in which the Company has an entitlement to not less than 20% of the voting shares.

Change of Control means:

- (a) a bona fide Takeover Bid is declared unconditional and the bidder has acquired a Relevant Interest in more than 50% of the Company's issued Shares;
- (b) a court approves, under section 411(4)(b) of the Corporations Act, a proposed compromise or arrangement for the purposes of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with any other company or companies; or
- (c) in any other case, a person obtains Voting Power in the Company which the Board (which for the avoidance of doubt will comprise those Directors immediately prior to the person acquiring that Voting Power) determines, acting in good faith and in accordance with their fiduciary duties, is sufficient to control the composition of the Board.

Relevant Person means:

- (a) in respect of an Eligible Participant, that person; and
- (b) in respect of a nominee of an Eligible Participant, that Eligible Participant.

Special Circumstances means:

- (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.