



ALDERAN RESOURCES LIMITED
ACN 165 079 201

NOTICE OF EXTRAORDINARY GENERAL MEETING

**The Extraordinary General Meeting of the Company will be
held at
Suite 23, 513 Hay Street, Subiaco, Western Australia on
Thursday, 27 May 2021 at 10.00 am (WST).**

**THE COMPANY IS TAKING PRECAUTIONS TO FACILITATE AN IN PERSON MEETING IN
ACCORDANCE WITH COVID-19 RESTRICTIONS. IF THE SITUATION IN RELATION TO COVID-19
CHANGES IN A WAY AFFECTING THE ABILITY TO FACILITATE AN IN PERSON MEETING, THE
COMPANY WILL PROVIDE AN UPDATE AHEAD OF THE MEETING BY WAY OF AN ASX
ANNOUNCEMENT.**

*The Notice of Extraordinary General Meeting 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 advisor prior to voting.*

*Should you wish to discuss any matter, please do not hesitate to contact the Company
Secretary by telephone on +61 8 6143 6711.*

Shareholders are urged to attend or vote by lodging the proxy form attached to the Notice

ALDERAN RESOURCES LIMITED

ACN 165 079 201

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notice is hereby given that the extraordinary general meeting of Shareholders of Alderan Resources Limited (**Company**) will be held at Suite 23, 513 Hay Street, Subiaco, Western Australia on Thursday, 27 May 2021 at 10.00 am (WST) (**Meeting**).

All votes taken at the Meeting will be taken on a poll.

The Explanatory Memorandum provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form Alderman part of the 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 on Tuesday, 25 May 2021 at 4:00pm (WST).

Terms and abbreviations used in the Notice are defined in Schedule 1.

AGENDA

1. Resolution 1 - Ratification of 7.1 Placement

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

"That, pursuant to and in accordance with Listing Rule 7.4 and for all other purposes, Shareholders ratify the prior issue of 35,294,118 Shares on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

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

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

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

- (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

2. **Resolution 2 - Approval to issue Options to Mr Scott Caithness under the Employee Securities Incentive Plan**

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

"That, pursuant to and in accordance Listing Rule 10.14 and for all other purposes, Shareholders approve the issue of 10,000,000 Incentive Options to Mr Scott Caithness (or his nominee) under the Plan and on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by or on behalf of a person referred to in Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the Plan (including the Directors) or an associate of that person or those persons.

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

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

Voting Prohibition

In accordance with section 250BD of the Corporations Act, a vote on this Resolution must not be cast 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 person if the vote is not cast on behalf of a person who is otherwise excluded from voting, and

- (a) the person is appointed as a proxy and the appointment specifies how the proxy is to vote; or
- (b) the person appointed as proxy is the Chair and the appointment does not specify how the Chair is to vote but expressly authorises the Chair to exercise

the proxy even if the Resolution is connected with the remuneration of a member of the Key Management Personnel.

BY ORDER OF THE BOARD

Mathew O'Hara
Company Secretary
Alderan Resources Limited
Dated: 27 April 2021

ALDERAN RESOURCES LIMITED

ACN 165 079 201

EXPLANATORY MEMORANDUM

1. Introduction

The Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held at Suite 23, 513 Hay Street, Subiaco, Western Australia on Thursday, 27 May 2021 at 10.00 am (WST) (**Meeting**).

All votes taken at the Meeting will be taken on a poll.

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

The Explanatory Memorandum includes the following information to assist Shareholders in deciding how to vote on the Resolutions:

Section 2	Action to be taken by Shareholders
Section 3	Resolution 1 - Ratification of 7.1 Placement
Section 5	Resolution 2 - Approval to issue Options to Mr Scott Caithness
Schedule 1	Definitions
Schedule 2	Summary of Employee Securities Incentive Plan
Schedule 3	Terms and Condition of Incentive Options

A Proxy Form is enclosed with the Explanatory Memorandum.

2. Action to be taken by Shareholders

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

2.1 Impact of COVID-19 on the Meeting

The health and safety of members, personnel and other stakeholders, is the highest priority and the Company is acutely aware of the current circumstances resulting from COVID-19.

Based on the best information available to the Board at the time of the Notice, the Board considers it will be in a position to hold an 'in-person' meeting to provide Shareholders with a reasonable opportunity to participate in and vote at the Meeting, while complying with the COVID-19 restrictions regarding gatherings. The Company, however, strongly encourages Shareholders to submit proxies prior to the Meeting.

If the situation in relation to COVID-19 were to change in a way that affected the position above, the Company will provide a further update ahead of the Meeting by releasing an ASX announcement.

2.2 Voting in person

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

2.3 Voting by poll

All Resolutions will be decided on a poll (rather than a show of hands) using proxy instructions received in advance of the Meeting. The poll will be conducted based on votes submitted by proxy and at the Meeting by Shareholders who have indicated that they intend to vote at the Meeting in accordance with the instructions below.

2.4 Voting by proxy

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.

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

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

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);
- (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;
- (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).

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;

- (b) the appointed proxy is not the chair of the meeting;
- (c) at the meeting, a poll is duly demanded on the resolution; and
- (d) either the proxy is not recorded as attending the meeting or 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.

2.5 Chair's voting intentions

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

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

3. Resolution 1 - Ratification of 7.1 Placement

3.1 General

On 30 November 2020, the Company announced on the ASX that it had completed a placement of 35,294,118 Shares at an issue price of \$0.085 per Share (**Placement Shares**) to institutional and sophisticated investors to raise \$3 million before costs (**Placement**). All Placement Shares were issued under the Company's placement capacity under Listing Rule 7.1 (**7.1 Placement**).

Resolution 1 seeks the approval of Shareholders pursuant to Listing Rule 7.4 to ratify the issue of the Placement Shares.

Resolutions 1 is an ordinary resolution.

The Board recommends that Shareholders vote in favour of Resolution 1.

If Resolution 1 is passed, the issue of the Placement Shares will be excluded in calculating the Company's 15% limit in Listing Rule 7.1, effectively increasing the number of Equity Securities it can issue without Shareholder approval over the 12 month period following the issue of the Placement Shares.

If Resolution 1 is not passed, the Placement Shares will be included in the Company's 15% limit under Listing Rule 7.1, effectively decreasing the number of Equity Securities the Company can issue or agree to issue without obtaining Shareholder approval over the 12 month period following the issue of those Placement Shares.

3.2 Listing Rule 7.1 and 7.4

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.

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

The effect of Shareholders passing Resolution 1 will be to restore the Company's ability to issue further Equity Securities, to the extent of 35,294,118 Equity Securities, during the next 12 months without the requirement to obtain prior Shareholder approval.

3.3 Specific information required by Listing Rule 7.5

In accordance with Listing Rule 7.5, the following information is provided in relation to the Placement:

- (a) the Placement Shares were issued to sophisticated and professional investors, being investors selected by the Company in consultation with the Lead Manager, BW Equities Pty Ltd. None of the Placement participants are related parties of the Company. Of the Placement participants, the following parties are 'material investors' as per ASX Guidance Note 21:
 - i. Kitara Investments Pty Ltd, a substantial shareholder of the Company, who received 7,058,824 Shares; and
 - ii. TR Nominees Pty Ltd, an entity associated with BW Equities Pty Ltd, lead manager to the Placement, who received 1,639,058 Shares.
- (b) 35,294,118 Placement Shares were issued;
- (c) the Placement Shares are fully paid ordinary share and rank equally in all respects with the Company's existing Shares;
- (d) the Placement Shares were issued on 7 December 2020;
- (e) the Placement Shares were issued at a price of \$0.085 per Share;
- (f) the purpose of the issue was to raise \$3 million before costs to be used to expand Alderan's exploration programs at its advanced copper-gold projects in Utah, USA;
- (g) the Placement Shares were not issued under an agreement; and
- (h) a voting exclusion statement is included in the Notice for Resolution 1.

4. Resolution 2 - Approval to issue Options to Mr Scott Caithness under the Employee Securities Incentive Plan

4.1 General

The Company has determined to issue 10,000,000 Options (**Incentive Options**) to its Managing Director, Mr Scott Caithness, consisting of 5,000,000 Options with an exercise price of \$0.11 and 5,000,000 Options with an exercise price of \$0.15. Both tranches have an expiry date being 3 years from the date of issue. These Incentive Options are being issued to Mr Caithness for nil consideration as part of his remuneration as managing Director of the Company. The full terms and conditions of the Incentive Options are set out in Schedule 3.

The Incentive Options provide an incentive component to Mr Caithness' remuneration package, and align his interests with those of Shareholders. The Board considers that the number of Incentive Options to be granted to Mr Caithness is commensurate with his value to the Company and is an appropriate method to provide cost effective remuneration.

The Incentive Options are to be issued under the terms of the Employee Securities Incentive Plan (**Plan**), which are summarised in Schedule 2 of this Notice.

Resolution 2 seeks Shareholder approval pursuant to Listing Rule 10.14 for the issue of up to a total of 10,000,000 Incentive Options under the Plan to Mr Caithness, or his respective nominee. Resolution 2 is an ordinary resolution.

The Board (other than Mr Caithness who has a material personal interest in the outcome of the Resolution 2) recommends that Shareholders vote in favour of Resolution 2.

4.2 Listing Rule 10.14

Listing Rule 10.14 requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities under an employee incentive scheme to a director of the entity, an associate of the director, or a person whose relationship with the entity, director or associate of the director is, in ASX's opinion, such that approval should be obtained.

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

If Resolution 2 is passed, the Company will be able to proceed with the proposed issue of the Incentive Options to Mr Caithness providing him with incentives linked to the performance of the Company.

If Resolution 2 is not passed, the Company will not be able to proceed with the proposed issue of the Incentive Options and may need to consider other methods (such as cash payments) to remunerate and incentivise Mr Caithness.

4.3 Specific information required by Listing Rule 10.15

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

- (a) the Incentive Options will be issued under the Plan to Mr Caithness (or his respective nominee(s));
- (b) Mr Caithness is a Director and therefore falls under Listing Rule 10.14.1;
- (c) the maximum number of Incentive Options to be issued to Mr Caithness (and/or his respective nominee(s)) under the Plan is 10,000,000 Incentive Options;
- (d) the Incentive Options will have an issue price of nil as they will be issued as part of the remuneration package for Mr Caithness;
- (e) the current total remuneration package for Mr Caithness is \$150,000 per annum based on part time employment (minimum of 3 days per week); the names of all persons referred to in Listing Rule 10.14 who have received Securities under the Plan since it was last approved by Shareholders at the extraordinary general meeting held on 19 July 2019, the number of the

Securities received and the acquisition price for each Security is set out below;

Related party (or associate)	Options	Acquisition price	Exercise price	Expiry date
Peter Williams	2,500,000	Nil	\$0.065	19-July-2022
Tom Eadie	1,000,000	Nil	\$0.065	19-July-2022
Bruno Hegner	1,000,000	Nil	\$0.065	19-July-2022
Peter Williams	2,500,000	Nil	\$0.10	19-July-2022
Tom Eadie	1,000,000	Nil	\$0.10	19-July-2022
Bruno Hegner	1,000,000	Nil	\$0.10	19-July-2022
Peter Williams	10,000,000	Nil	\$0.08	30-June-2023

- (f) the Directors consider that the issue of Incentive Options to its personnel is a cost effective and efficient means for a company to provide incentive to its personnel as opposed to alternative forms of incentives such as cash bonuses or increased remuneration. The Company considers that, to enable the Company to secure and retain employees and directors who can assist the Company achieve its objectives, it is necessary to provide remuneration and incentives to such personnel. The issue of Incentive Options is designed to achieve this objective, be encouraging continued improvement in performance over time and by encouraging personnel to acquire and retain significant shareholdings in the Company;
- (g) the Incentive Options will be issued on the terms and conditions outlined in Schedule 3;
- (h) the Black and Scholes option pricing model has been applied in providing the valuation information below in respect of the Incentive Options to be issued:

Assumption	Tranche 1	Tranche 2
Valuation Date	15-April-2021	15-April-2021
Market price of Shares (Valuation Date)	\$0.071	\$0.071
Exercise Price	\$0.11	\$0.15
Expiry Date	15-April-2024	15-April-2024
Risk free rate	0.11%	0.11%
Volatility	85%	85%
Dividend yield	0%	0%
Indicative valuation per Director Option	\$0.031	\$0.026

- (i) the persons referred to in Listing Rule 10.14 who are entitled to participate in the Plan are the current Directors, namely Messrs Tom Eadie, Scott Caithness, Peter Williams and Bruno Hegner;
- (j) no loan will be provided to Mr Caithness in relation to the issue of the Incentive Options;
- (k) the Incentive Options will be issued 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 Listing Rules);
- (l) details of any Securities issued under the Plan will be published in the Company's annual report along with a statement that approval for the issue was obtained under Listing Rule 10.14 and any additional persons covered by Listing Rule 10.14 who become entitled to participate in an issue of Securities under the Plan after the resolution is approved at the Meeting and who were not named in the Notice will not participate until approval is obtained under Listing Rule 10.14; and
- (m) voting exclusion statements are included in the Notice for Resolution 2.

4.4 Chapter 2E of the Corporations Act

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

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

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

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

The Board (other than Mr Caithness who has a personal interest in Resolution 2) considers that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the grant of the Incentive Options as the exception in section 211 of the Corporations Act applies. The Incentive Options are considered to be reasonable remuneration for the purposes of section 211 of the Corporations Act.

Schedule 1 - Definitions

In the Notice, words importing the singular include the plural and vice versa.

\$ or A\$ means Australian Dollars.

ASX means the ASX Limited (ABN 98 008 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX Limited.

Board means the board of Directors.

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

Article means an article of the Constitution.

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 Alderan Resources Limited (ACN 165 079 201).

Constitution means the constitution of the Company as at the date of the Meeting.

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

Director means a director of the Company.

Equity Security has the same meaning as in the Listing Rules.

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

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

Listing Rules means the listing rules of ASX.

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

Notice means this notice of extraordinary general meeting.

Option means an option to acquire a Share.

Proxy Form means the proxy form attached to the Notice.

Resolution means a resolution referred to in the Notice.

Schedule means a schedule to the Notice.

Section means a section of the Explanatory Memorandum.

Securities means any Equity Securities of the Company (including Shares, Options and Performance Rights).

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

Shareholder means the holder of a Share.

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

Schedule 2 - Summary of Employee Securities Incentive Plan

1. PARTICIPATION

The board of directors (**Board**) of Alderan Resources Limited (**Company**) may from time to time in its sole and absolute discretion determine that a person who is an eligible employee under the Plan (**Eligible Employee**) may participate in the Plan.

2. OFFERS TO PARTICIPATE

Following a determination that an Eligible Employee may participate in the Plan, the Board may at any time and from time to time make an invitation to an Eligible Employee to apply for the grant of Performance Rights or Options (**Awards**) under the rules in respect of the operation of the Plan (**Rules**) to the Eligible Employee (**Offer**).

The terms and conditions of Awards offered or granted under the Rules to each Eligible Employee will be determined by the Board in its sole and absolute discretion and set out in an offer letter delivered to the Eligible Employee (**Offer Letter**). The Offer Letter will include as a minimum:

- (a) the date of the Offer;
- (b) the name of the Eligible Employee to whom the Offer is made;
- (c) the number and type of Award which are capable of becoming exercisable if the conditions (if any) are met;
- (d) the grant date;
- (e) in the case of an Option, the exercise price and the exercise period;
- (f) the expiry date (if any);
- (g) any applicable conditions associated with the Award;
- (h) any disposal or other restrictions attaching to the Award or the fully paid ordinary share (Share) issued upon exercise of the Award;
- (i) any rights attaching to the Awards; and
- (j) agreement with the Eligible Employee for the Company to supply details to third parties where required by law.

3. RULES OF THE PLAN

Under the Plan, Performance Rights and/or Options may be offered to Eligible Employees as determined by the Board. The following is a summary of the key terms of the Plan:

- (a) **Nature of Awards:** Each Option or Performance Right entitles the participant holding the Option or Performance Right, to subscribe for, or be transferred, one Share. Any Share acquired pursuant to the exercise of an Award will rank equally with all existing Shares from the date of acquisition.
- (b) **No consideration:** An Eligible Employee will not pay anything for the grant of Awards.

- (c) **Conditions:** Awards may be subject to exercise conditions, performance hurdles or vesting conditions (**Conditions**). These Conditions must be specified in the Offer Letter to Eligible Employees. In the event that a takeover bid for the Company is declared unconditional, there is a change of control in the Company, or if a merger by way of a scheme of arrangement has been approved by a court, then the Board may determine that:
- (i) all or a percentage of unvested Options will vest and become exercisable;
 - (ii) all or a percentage of Performance Rights will be automatically exercised; and
 - (iii) any Shares issued or transferred to a participant under the Plan that have restrictions (on their disposal, the granting of any security interests in or over, or otherwise on dealing with), will be free from any restrictions on disposal.
- (d) **Vesting of Awards:** Awards will vest if and when any Conditions have been satisfied, waived by the Board, or are deemed to have been satisfied under the Rules, and the Company has issued a notice (Vesting Notification) to the participant informing them that some or all of their Awards have vested.
- (e) **Exercise of Awards:** The period during which a vested Award may be exercised will commence when a Vesting Notification has been issued by the Company and ends on the Expiry Date (as defined below). Vested Awards must be exercised by delivering to the Company a signed notice together all other required documents and in the case of vested Options, a cheque or cash or such other form of payment determined by the Board for the amount of the Exercise Price (if any).
- (f) **Lapse:**
- (i) Unvested Awards will generally lapse on the earlier of:
 - (A) the cessation of employment, engagement or office of a relevant person;
 - (B) the day the Board makes a determination that all unvested Awards and vested Options of the relevant person will lapse because, in the opinion of the Board a relevant person has acted fraudulently or dishonestly, or is in material breach of his or her duties or obligations to the Company;
 - (C) if any applicable Conditions are not achieved by the relevant time;
 - (D) if the Board determines that any applicable Conditions have not been met and cannot be met prior to the date that is 5 years from the grant date of an Award or any other date determined by the Board and as specified in the Offer (**Expiry Date**); or
 - (E) the Expiry Date.
 - (ii) Where a relevant person who holds Awards ceases employment with the Company and becomes a “Bad Leaver”, unvested Awards will lapse in accordance with paragraph (i) above and vested Options that

have not been exercised will lapse on the date of cessation of employment, engagement or office. A Bad Leaver is a person who ceases employment or engagement with the Company in the following circumstances:

- (A) as a result of termination of their employment or engagement due to serious and wilful misconduct, a material breach of their contract of employment, engagement or office, gross negligence or other conduct justifying termination without notice under their contract of employment, engagement or office or at common law;
 - (B) the relevant person ceases their employment, engagement or office for any reason and commences employment, engagement or office, or otherwise acts, in breach of any post-termination restrictions contained in his or her contract of employment, engagement or office; or
 - (C) the relevant person is disqualified from managing corporations for the purposes of Part 2D.6 Corporations Act.
- (g) **Good Leaver:** If a relevant person, who is classified as a “Good Leaver”, ceases employment, engagement or office with the Company, unless the Board determines otherwise, the persons Awards will lapse in accordance with the terms of the Plan and vested Options that have not been exercised will continue in force and remain exercisable, subject to the satisfaction of any exercise conditions, until the Expiry Date. A Good Leaver is a person who is not a Bad Leaver, and includes where the relevant person’s employment, engagement or office ceases due to death, permanent incapacity, redundancy, resignation, retirement or any other reason the Board determines in its discretion.
- (h) **No assignment:** Awards granted under the Plan may not be assigned, transferred, novated, encumbered with a security interest (such as a mortgage, charge, pledge, lien, encumbrance or other third party interest of any nature) over them, or otherwise disposed of by a participant, other than to a nominated party (such as a spouse, child, trustee of a trust or company) in accordance with the Plan, unless:
 - (i) the prior consent of the Board is obtained; or
 - (ii) such assignment or transfer occurs by force of law upon the death of a participant to the participant's legal personal representative.
- (i) **Issue Limitations:** The Board is not entitled to make an Offer to an Eligible Employee if offers of Awards under the Plan or under similar plans (excluding offers to persons situated at the time of receipt of the offer outside of Australia, that do not require the use of a disclosure document, or made under a disclosure document) in the previous 3 years would exceed 5% of the issued capital of the Company.
- (j) **Amendment of the Plan:**
 - (i) The Board may at any time amend the Rules without shareholder approval in respect of the following matters:
 - (A) amendments of a "housekeeping" nature;

- (B) changing the vesting and exercise provisions of the Plan or any Award so that the scheduled expiry date for an Award is not extended, including to provide for accelerated vesting and early exercise of any Awards;
 - (C) changing the termination provisions of the Plan or any Award so that an Award's originally scheduled expiry date is not extended;
 - (D) changing the provisions on transferability of Awards for normal estate settlement purposes;
 - (E) changing the process by which a Participant who wishes to exercise his or her Award can do so, including the required form of payment for the Shares being purchased, the form of exercise notice and the place where such payments and notices must be delivered; and
 - (F) adding a conditional exercise feature which would give Participants the ability to conditionally exercise in certain circumstances determined by the Board.
- (ii) No amendment to the Rules may be made if the amendment materially reduces the rights of any participant in respect of the Awards granted to them prior to the date of the Amendment (except in relation to amendments stipulated by the Rules).
 - (iii) No amendment to the Plan that requires shareholder approval under any applicable securities laws or requirements shall become effective until such approval is obtained.
 - (iv) The Board may at any time terminate the Plan or suspend the operation of the Plan.

Schedule 3 - Terms and Conditions of Incentive Options

The terms of the Incentive Options are as follows:

1. **(Entitlement):** Each Incentive Option entitles the holder to subscribe for one Share upon exercise of the Option.
2. **(Issue Price):** No cash consideration is payable for the issue of the Incentive Options
3. **(Exercise Price):** The exercise prices for the Incentive Options are as follows:
 - (i) 5,000,000 Options with an exercise price of \$0.11 per Option.
 - (ii) 5,000,000 Options with an exercise price of \$0.15 per Option.
4. **(Expiry Date):** The Incentive Options expire at 5:00pm (WST) three years after the date of issue (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
5. **(Exercise Period):** Subject to Mr Caithness remaining employed with the Company for 12 months following the date of issue, the Options are exercisable at any time and from time to time on or prior to the Expiry Date.
6. **(Quotation of the Options):** The Company will not apply for quotation of the Options on ASX.
7. **(Transferability of the Options):** The Options are not transferable, except with the prior written approval of the Company.
8. **(Notice of Exercise):** The Options may be exercised 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.

Any Notice of Exercise of an Option received by the Company will be deemed to be a notice of the exercise of that Option as at 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**).

9. **(Timing of issue of Shares on exercise):** Within 5 Business Days after the later of the following:
 - (a) the Exercise Date; and
 - (b) when excluded information in respect to the Company (as defined in section 708A(7) of the Corporations Act) (if any) ceases to be excluded information,

the Company will:

- (c) allot and issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (d) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act; and
- (e) 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 the Company is unable to deliver a notice under paragraph 9(d) or such a notice for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company will lodge with ASIC a "cleansing 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. Where a "cleansing prospectus" is required, any Shares issued on exercise of Options will be subject to a holding lock until such time as a prospectus is issued by the Company or until 12 months has elapsed from the date of issue of the Shares, whichever is the shorter.

10. **(Shares issued on exercise):** Shares issued on exercise of the Options will rank equally with the then Shares of the Company.
11. **(Quotation of Shares on exercise):** If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Options in accordance with the Listing Rules.
12. **(Reconstruction of capital):** If at any time the issued capital of the Company is reconstructed, all rights of an Option holder are to be changed in a manner consistent with the Corporations Act and the Listing Rules at the time of the reconstruction.
13. **(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.
14. **(Adjustment for bonus issues of Shares):** If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):
 - (a) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the Option holder would have received if the Option holder had exercised the Option before the record date for the bonus issue; and
 - (b) no change will be made to the Exercise Price.
15. **(Constitution):** Upon the issue of Shares on exercise of the options, the Holder agrees to be bound by the Company's Constitution.

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 25 May 2021**, being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

SUBMIT YOUR PROXY

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

YOUR NAME AND ADDRESS

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

STEP 1 – APPOINT A PROXY

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

DEFAULT TO THE CHAIR OF THE MEETING

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

STEP 2 - VOTES ON ITEMS OF BUSINESS

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

APPOINTMENT OF SECOND PROXY

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

SIGNING INSTRUCTIONS

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

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

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

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

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

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

CORPORATE REPRESENTATIVES

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

Lodging your Proxy Voting Form:

Online:

Use your computer or smartphone to appoint a proxy at <https://investor.automic.com.au/#/loginsah> or scan the QR code below using your smartphone

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



BY MAIL:

Automic
GPO Box 5193
Sydney NSW 2001

IN PERSON:

Automic
Level 5, 126 Phillip Street
Sydney NSW 2000

BY EMAIL:

meetings@automicgroup.com.au

BY FACSIMILE:

+61 2 8583 3040

All enquiries to Automic:

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

PHONE: 1300 288 664 (Within Australia)

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