



25 October 2021

## Notice of Meeting Correction

Ionic Rare Earths Limited ("IonicRE" or "the Company") (ASX: IXR) advises that Resolution 7 - **Adoption of Employee Share Option Plan** in the Notice of Annual General meeting to be held at The Park Business Centre, 45 Ventnor Avenue, West Perth WA 6005 on Wednesday, 24 November 2021 at 10am (WST) and released to ASX on Friday, 22 October 2021 incorrectly stated that the maximum number of options that could be issued pursuant to the proposed Employee Share Option Plan was 1,696,199,756. The correct number is 169,619,976 being 5% of the current issued share capital. A corrected Notice of Meeting is attached.

Authorised for release by the Board of Ionic rare Earths Limited.

**For enquiries, contact:** Brett Dickson  
Company Secretary  
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**Ionic Rare Earths Limited**  
**ABN 84 083 646 477**  
**Notice of Annual General Meeting**  
**and Explanatory Memorandum**

**Date of Meeting**

Wednesday, 24 November 2021

**Time of Meeting**

10am (WST)

**Place of Meeting**

The Park Business Centre  
45 Ventnor Avenue  
West Perth WA 6005

**A Proxy Form is enclosed**

Please read this Notice of Annual General Meeting and Explanatory Memorandum carefully.

If you are unable to attend the Annual General Meeting, please complete and return the enclosed Proxy Form in accordance with the specified directions.

# Ionic Rare Earths Limited

ABN 84 083 646 477

## Notice of Annual General Meeting

**NOTICE IS GIVEN** that an Annual General Meeting of Shareholders of Ionic Rare Earths Limited ABN 84 083 646 477 (**Company**) will be held at The Park Business Centre, 45 Ventnor Avenue, West Perth WA 6005 on Wednesday, 24 November 2021 at 10am (WST) for the purpose of transacting the business referred to in this Notice of Annual General Meeting.

An Explanatory Memorandum containing information in relation to each of the following Resolutions accompanies this Notice. Terms used in the Resolutions contained in this Notice have the meaning given to them in the glossary in the Explanatory Memorandum.

## Agenda

### Financial Reports

To receive and consider the financial report of the Company, together with the Directors' report and the Auditor's Report for the year ended 30 June 2021, as set out in the Annual Report.

### 1. Resolution 1 – Adoption of Remuneration Report

To consider and, if thought fit, pass the following resolution as a **non-binding ordinary resolution**:

*"That for the purposes of section 250R(2) of the Corporations Act and for all other purposes, the Remuneration Report for the year ended 30 June 2021 be adopted."*

**Note:** The vote on this Resolution is advisory only and does not bind the Directors or the Company. Shareholders are encouraged to read the Explanatory Memorandum for further details on the consequences of voting on this Resolution 1.

**Voting prohibition statement:** A vote on Resolution 1 must not be cast (in any capacity) 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 a member. However, a person (the **voter**) described above may cast a vote on Resolution 1 as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution 1; or
- (b) the voter is the Chairman and the appointment of the Chairman as proxy:
  - (i) does not specify the way the proxy is to vote on Resolution 1; and
  - (ii) expressly authorises the Chairman to exercise the proxy even though Resolution 1 is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

### 2. Resolution 2 – Election of Ms Jill Kelley as a Director

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

*"That, for the purpose of clause 13.1(d) of the Constitution, Listing Rule 14.4 and for all other purposes, Ms Jill Kelley, a Director who was appointed casually on 7 July 2021, retires, and being eligible, is elected as a Director."*

### 3. Resolution 3 – Election of Mr Max McGarvie as a Director

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

*"That, for the purpose of clause 13.1(d) of the Constitution, Listing Rule 14.4 and for all other purposes, Mr Max McGarvie, a Director who was appointed casually on 16 July 2021, retires, and being eligible, is elected as a Director."*

#### 4. Resolution 4 – Ratification of prior issue - February Placement Shares

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

*"That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 300,000,000 Shares on the terms and conditions set out in the Explanatory Memorandum."*

**Voting exclusion statement:** The Company will disregard any votes cast in favour of Resolution 4 by or on behalf of a person who participated in the issue the subject of this Resolution 4 or an associate of that person (or those persons). However, this does not apply to a vote cast in favour of Resolution 4 by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chairman as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chairman to vote on the Resolution as the Chairman 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 in not an associate of a person excluded from voting, on the Resolution; and
  - (ii) the holder votes on the Resolution in accordance with the directions given by the beneficiary to the holder to vote that way.

#### 5. Resolution 5 – Ratification of prior issue - Consultant Options - Tranche 1 Consultant Options

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

*"That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 25,000,000 Consultant Options on the terms and conditions set out in the Explanatory Memorandum (including Annexure A)."*

**Voting exclusion statement:** The Company will disregard any votes cast in favour of Resolution 5 by or on behalf of a person who participated in the issue the subject of this Resolution 5 (being Sixty Two Capital Pty Ltd, Sammex Consulting Pty Ltd and Sol Sal Investments Pty Ltd ) or an associate of any of those persons. However, this does not apply to a vote cast in favour of Resolution 5 by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chairman as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chairman to vote on the Resolution as the Chairman 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 in not an associate of a person excluded from voting, on the Resolution; and
  - (ii) the holder votes on the Resolution in accordance with the directions given by the beneficiary to the holder to vote that way.

#### 6. Resolution 6 – Ratification of prior issue - Consultant Options - Tranche 2 Consultant Options

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

*"That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 10,000,000 Consultant Options on the terms and conditions set out in the Explanatory Memorandum (including Annexure A)."*

**Voting exclusion statement:** The Company will disregard any votes cast in favour of Resolution 6 by or on behalf of a person who participated in the issue the subject of this Resolution 6 (being Divedeli Pty Ltd) or an associate of any of those persons. However, this does not apply to a vote cast in favour of Resolution 6 by:

- (d) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (e) the Chairman as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chairman to vote on the Resolution as the Chairman decides; or
- (f) 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 in not an associate of a person excluded from voting, on the Resolution; and
  - (ii) the holder votes on the Resolution in accordance with the directions given by the beneficiary to the holder to vote that way.

## 7. Resolution 7 – Adoption of Employee Share Option Plan

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

*"That, for the purposes of Listing Rule 7.2 (Exception 13) and for all other purposes, approval is given for the Company to adopt the employee incentive scheme titled "Ionic Rare Earths Limited Employee Share Option Plan" contained at Annexure B (**Option Plan**) and for the issue of a maximum of 169,619,976 Options under the Option Plan, on the terms and conditions set out in the Explanatory Memorandum."*

**Voting exclusion statement:** The Company will disregard any votes cast in favour of Resolution 6 by a person who is eligible to participate in the Option Plan, or any associates of those persons. However, this does not apply to a vote cast in favour of Resolution 6 by:

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

## 8. Resolution 8 – Approval to grant Director Options to Mr Trevor Benson under the Option Plan

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

*"That, subject to and conditional on the passing of Resolution 6, for the purposes of sections 195(4) and 208 of the Corporations Act, Listing Rule 10.14 and for all other purposes, approval is given for the Company to grant 5,000,000 Director Options to Mr Trevor Benson or his nominee(s) under the Option Plan, on the terms and conditions set out in the Explanatory Memorandum."*

**Voting exclusion statement:** The Company will disregard any votes cast in favour of Resolution 8 by or on behalf of:

- (a) Mr Trevor Benson (or his nominee(s));
- (b) any person referred to in ASX Listing Rules 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the Option Plan; or
- (c) an associate of that person (or those persons).

However, this does not apply to a vote cast in favour of Resolution 8 by:

- (d) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (e) the Chairman as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chairman to vote on the Resolution as the Chairman decides; or
- (f) 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 the directions given by the beneficiary to the holder to vote that way.

**Voting Prohibition Statement:** In accordance with section 224 of the Corporations Act, a vote on Resolution 8 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 8 Excluded Party**). However, the above prohibition does not apply if the vote is cast by a person as proxy appointed by writing that specifies how the proxy is to vote on the Resolution and it is not cast on behalf of a Resolution 8 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 Resolution 8 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 that the Chair is not a Resolution 8 Excluded Party, the above prohibition does not apply if:

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

## 9. Resolution 9 – Approval to grant Director Options to Mr Tim Harrison under the Option Plan

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

*"That, subject to and conditional on the passing of Resolution 6, for the purposes of sections 195(4) and 208 of the Corporations Act, Listing Rule 10.14 and for all other purposes, approval is given for the Company to grant 10,000,000 Director Options to Mr Tim Harrison or his nominee(s) under the Option Plan, on the terms and conditions set out in the Explanatory Memorandum."*

**Voting exclusion statement:** The Company will disregard any votes cast in favour of Resolution 9 by or on behalf of:

- (a) Mr Tim Harrison (or his nominee(s));
- (b) any person referred to in ASX Listing Rules 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the Option Plan ; or
- (c) an associate of that person (or those persons).

However, this does not apply to a vote cast in favour of Resolution 9 by:

- (d) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (e) the Chairman as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chairman to vote on the Resolution as the Chairman decides; or
- (f) 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 the directions given by the beneficiary to the holder to vote that way.

**Voting Prohibition Statement:** In accordance with section 224 of the Corporations Act, a vote on Resolution 9 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 9 Excluded Party**). However, the above prohibition does not apply if the vote is cast by a person as proxy appointed by writing that specifies how the proxy is to vote on the Resolution and it is not cast on behalf of a Resolution 9 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 that the Chair is not a Resolution 9 Excluded Party, the above prohibition does not apply if:

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

## 10. Resolution 10 – Approval to grant Director Options to Mr Max McGarvie under the Option Plan

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

*"That, subject to and conditional on the passing of Resolution 6, for the purposes of sections 195(4) and 208 of the Corporations Act, Listing Rule 10.14 and for all other purposes, approval is given for the Company to grant 3,000,000 Director Options to Mr Max McGarvie or his nominee(s) under the Option Plan, on the terms and conditions set out in the Explanatory Memorandum."*

**Voting exclusion statement:** The Company will disregard any votes cast in favour of Resolution 10 by or on behalf of:

- (a) Mr Max McGarvie (or his nominee(s));
- (b) any person referred to in ASX Listing Rules 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the Option Plan ; or
- (c) an associate of that person (or those persons).

However, this does not apply to a vote cast in favour of Resolution 10 by:

- (d) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (e) the Chairman as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chairman to vote on the Resolution as the Chairman decides; or

- (f) 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 in not an associate of a person excluded from voting, on the Resolution; and
  - (ii) the holder votes on the Resolution in accordance with the directions given by the beneficiary to the holder to vote that way.

**Voting Prohibition Statement:** In accordance with section 224 of the Corporations Act, a vote on Resolution 10 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 10 Excluded Party**). However, the above prohibition does not apply if the vote is cast by a person as proxy appointed by writing that specifies how the proxy is to vote on the Resolution and it is not cast on behalf of a Resolution 10 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:

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

Provided that the Chair is not a Resolution 10 Excluded Party, the above prohibition does not apply if:

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

## 11. Resolution 11 – Approval to grant Performance Rights to Mr Tim Harrison

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

*"That, for the purposes of section 195(4) and section 208 of the Corporations Act, Listing Rule 10.11 and for all other purposes, approval is given for the Company to grant 10,000,000 Performance Rights to Mr Tim Harrison or his nominee(s), on the terms and conditions set out in the Explanatory Memorandum (including Annexure D)."*

**Voting exclusion statement:** The Company will disregard any votes cast in favour of Resolution 11 by or on behalf of Mr Tim Harrison (or his nominee(s)) and any other person who will obtain a material benefit as a result of the issue of the securities the subject of this Resolution 11 (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person (or those persons). However, this does not apply to a vote cast in favour of Resolution 11 by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chairman as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chairman to vote on the Resolution as the Chairman 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 in not an associate of a person excluded from voting, on the Resolution; and
  - (ii) the holder votes on the Resolution in accordance with the directions given by the beneficiary to the holder to vote that way.

**Voting Prohibition Statement:** In accordance with section 224 of the Corporations Act, a vote on Resolution 11 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 11 Excluded Party**). However, the above prohibition does not apply if the vote is cast by a person as proxy appointed by writing that specifies how the proxy is to vote on the Resolution and it is not cast on behalf of a Resolution 11 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 that the Chair is not a Resolution 11 Excluded Party, the above prohibition does not apply if:

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

## 12. Resolution 12 – Approval to grant Performance Rights to Ms Jill Kelley

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

*"That, for the purposes of section 195(4) and section 208 of the Corporations Act, Listing Rule 10.11 and for all other purposes, approval is given for the Company to grant 3,500,000 Performance Rights to Ms Jill Kelley or her nominee(s), on the terms and conditions set out in the Explanatory Memorandum (including Annexure D)."*

**Voting exclusion statement:** The Company will disregard any votes cast in favour of Resolution 12 by or on behalf of Ms Jill Kelley (or her nominee(s)) and any other person who will obtain a material benefit as a result of the issue of the securities the subject of this Resolution 12 (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person (or those persons). However, this does not apply to a vote cast in favour of Resolution 12 by:

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

**Voting Prohibition Statement:** In accordance with section 224 of the Corporations Act, a vote on Resolution 12 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 12 Excluded Party**). However, the above prohibition does not apply if the vote is cast by a person as proxy appointed by writing that specifies how the proxy is to vote on the Resolution and it is not cast on behalf of a Resolution 12 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 Resolution 12 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 that the Chair is not a Resolution 12 Excluded Party, the above prohibition does not apply if:

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

## 13. Resolution 13 – Approval to issue Shares to Ms Jill Kelley

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

*"That, for the purposes of section 195(4) and section 208 of the Corporations Act, Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 3,500,000 Shares to Ms Jill Kelley or her nominee(s), on the terms and conditions set out in the Explanatory Memorandum."*

**Voting exclusion statement:** The Company will disregard any votes cast in favour of Resolution 13 by or on behalf of Ms Jill Kelly (or her nominee(s)) and any other person who will obtain a material benefit as a result of the issue of the securities the subject of this Resolution 13 (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person (or those persons). However, this does not apply to a vote cast in favour of Resolution 13 by:

- (d) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (e) the Chairman as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chairman to vote on the Resolution as the Chairman decides; or
- (f) 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 the directions given by the beneficiary to the holder to vote that way.

**Voting Prohibition Statement:** In accordance with section 224 of the Corporations Act, a vote on Resolution 13 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 13 Excluded Party**). However, the above prohibition does not apply if the vote is cast by a person as proxy appointed by writing that specifies how the proxy is to vote on the Resolution and it is not cast on behalf of a Resolution 13 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 Resolution 13 if:

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

Provided that the Chair is not a Resolution 13 Excluded Party, the above prohibition does not apply if:

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

#### **14. Resolution 14 – Approval of 10% Placement 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 all other purposes, Shareholders approve the issue of up to that number of Equity Securities equal to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and otherwise on the terms and conditions set out in the Explanatory Memorandum."*

#### **Other business**

To deal with any other business which may be brought forward in accordance with the Constitution and the Corporations Act.

**By order of the Board**



**Brett Dickson**  
Company Secretary

Dated: 12 October 2021

## How to vote

Voting on all proposed Resolutions at the Meeting will be conducted by poll. Under the Constitution, any poll will be conducted as directed by the Chair.

Shareholders can vote by either:

- attending the Meeting and voting in person or by attorney or, in the case of corporate Shareholders, by appointing a corporate representative to attend and vote; or
- appointing a proxy to attend and vote on their behalf using the Proxy Form accompanying this Notice and by submitting their Proxy Form online, in person, by post, by email or by facsimile.

## Voting in person or by attorney

Shareholders, or their attorneys, who plan to attend the Meeting are asked to arrive at the venue 15 minutes prior to the time designated for the Meeting, if possible, so that their holding may be checked against the Company's share register and their attendance recorded. A certified copy of the Power of Attorney, or the original Power of Attorney, must be received by the Company in the same manner, and by the same time as outlined for proxy forms below.

## Voting by a corporation

A Shareholder that is a corporation may appoint an individual to act as its representative and vote in person at the Meeting. The appointment must comply with the requirements of section 250D of the Corporations Act. Written proof of the representative's appointment (including any authority under which it is signed) must be lodged with, or presented to the Company before the Meeting.

## Voting by proxy

- A Shareholder entitled to attend and vote is entitled to appoint not more than two proxies. Each proxy will have the right to vote on a poll and also to speak at the Meeting.
- The appointment of the proxy may specify the proportion or the number of votes that the proxy may exercise. Where more than one proxy is appointed and the appointment does not specify the proportion or number of the Shareholder's votes each proxy may exercise, the votes will be divided equally among the proxies (i.e. where there are two proxies, each proxy may exercise half of the votes).
- A proxy need not be a Shareholder. The proxy can be either an individual or a body corporate.
- If a proxy is not directed how to vote on an item of business, the proxy may generally vote, or abstain from voting, as they think fit. However, where a member of the Key Management Personnel or a Closely Related Party of such a member is appointed as a proxy, the proxy may only vote on Resolutions 8 to 12 if the proxy is the Chairman of the Meeting and the appointment expressly authorises the Chairman to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

- Should any resolution, other than those specified in this Notice, be proposed at the Meeting, a proxy may vote on that resolution as they think fit.
  - If a proxy is instructed to abstain from voting on an item of business, they are directed not to vote on the Shareholder's behalf on the poll and the Shares that are the subject of the proxy appointment will not be counted in calculating the required majority.
  - A Shareholder who returns their Proxy Form with a direction how to vote, but does not nominate the identity of their proxy, will be taken to have appointed the Chairman of the Meeting as their proxy to vote on their behalf. If a Proxy Form is returned with a direction how to vote, but the nominated proxy (who is not Chairman of the Meeting) does not attend the Meeting or does not vote on the relevant Resolution(s), the Chairman of the Meeting will act in place of the nominated proxy and vote on a poll in accordance with any instructions.
  - Proxy appointments in favour of the Chairman of the Meeting, the secretary or any Director that do not contain a direction how to vote will be used, where possible, to support each of the Resolutions proposed in this Notice, provided they are entitled to cast votes as a proxy under the voting exclusion rules which apply to some of the proposed Resolutions. These rules are explained in this Notice. However, in exceptional circumstances, the Chairman of the Meeting may change his voting intention, in which case an ASX announcement will be made.
  - Proxies must be received by **10.00am (WST) on 22 November 2021**, being not less than 48 hours prior to the commencement of the Meeting. Proxies received after this time will be invalid. Proxies may be lodged using any of the following methods:
    - **Online:** [www.investorvote.com.au](http://www.investorvote.com.au)
    - **By mail:**  
Computershare Investor Services Pty Ltd GPO  
Box 242  
Melbourne, Victoria 3001  
Australia
    - **By facsimile:**  
1800 783 447 (within Australia)  
+61 3 9473 2555 (outside Australia)
    - **By mobile:**  
Scan the QR Code on your proxy form and follow the prompts
    - **Custodian voting:** For Intermediary Online subscribers only (custodians) please visit [www.intermediaryonline.com](http://www.intermediaryonline.com) to submit your voting intentions
- For all enquiries call 1300 850 505 (inside Australia) or +61 3 9415 4000 (outside Australia).

## Shareholders who are entitled to vote

In accordance with regulation 7.11.37 and 7.11.38 of the Corporations Regulations, the Board has determined that a person's entitlement to vote at the Annual General Meeting will be the entitlement of that person set out in the Register of Shareholders as at **4:00pm (WST) on 22 November 2021**.

# Ionic Rare Earths Limited

ABN 84 083 646 477

## Explanatory Memorandum

This Explanatory Memorandum is intended to provide Shareholders with sufficient information to assess the merits of the Resolutions contained in the accompanying Notice of Annual General Meeting of the Company.

Certain abbreviations and other defined terms are used throughout this Explanatory Memorandum. Defined terms are generally identifiable by the use of an upper case first letter. Details of the definitions and abbreviations are set out in the Glossary to the Explanatory Memorandum.

## Financial Reports

The Board is required to lay before the Meeting the consolidated annual financial report of the Company for the financial year ended 30 June 2021, together with the Directors' report (including the Remuneration Report) and the Auditor's Report on the financial report. No resolution is required to be moved in respect of this item.

Shareholders will be given a reasonable opportunity at the Meeting to ask questions, and to make comments on the reports and on the management of the Company.

The Chairman will also give Shareholders a reasonable opportunity to ask the Auditor or the Auditor's representative questions relevant to: the conduct of the audit; the preparation and content of the independent Auditor's Report; the accounting policies adopted by the Company in relation to the preparation of the financial statements; and the independence of the Auditor in relation to the conduct of the audit.

The Chairman will also allow a reasonable opportunity for the Auditor or their representative to answer any written questions submitted to the Auditor under section 250PA of the Corporations Act.

A copy of the Company's Annual Report is available on the ASX website or at <https://ionicre.com.au/annual-reports/>.

## Resolution 1 – Adoption of Remuneration Report

Section 250R(2) of the Corporations Act requires the Company to put to its Shareholders a resolution that the Remuneration Report as disclosed in the Company's 2021 Annual Report be adopted.

The Remuneration Report explains the Board policies in relation to the nature and level of remuneration paid to Directors, sets out remuneration details for each Director and any service agreements and sets out the details of any equity-based compensation.

Shareholders are entitled to vote on the question as to whether the Remuneration Report is to be adopted. However, the vote on Resolution 1 is advisory only and does not bind the Directors or the Company. The Chairman will give Shareholders a reasonable opportunity to ask questions about, or make comments on, the Remuneration Report at the Meeting.

Under the Corporations Act, if at least 25% of the votes cast are against adoption of the remuneration report at two consecutive annual general meetings, the Company will be required to put a resolution to the second annual general meeting (**Spill Resolution**), to approve calling a general meeting (**Spill Meeting**). If more than 50% of Shareholders vote in favour of the Spill Resolution, the Company must then convene a Spill Meeting within 90 days of the second annual general meeting. All of the Directors who were in office when the applicable Directors' report was approved, other than any Managing Director, will cease to hold office immediately before the end of the Spill Meeting and will need to stand for re-election at the Spill Meeting if they wish to continue as Directors. Following the Spill Meeting those persons whose election or re-election as Directors is approved will be the Directors of the Company.

The remuneration report for the financial year ended 30 June 2020 did not receive a vote of more than 25% against its adoption at the Company's 2020 annual general meeting held on 27 November 2020. Accordingly, if at least 25% of the votes cast on Resolution 1 are against adoption of the Remuneration Report it will not result in the Company putting a Spill Resolution to Shareholders.

## **Resolutions 2 and 3 – Election of Ms Jill Kelley and Mr Max McGarvie as Directors**

### **Background**

Subject to the Corporations Act, the Constitution allows the Directors to appoint at any time a person to be a Director, but only where the total number of Directors does not at any time exceed the maximum number specified by the Constitution.

Pursuant to clause 13.1(d) of the Constitution and Listing Rule 14.4, any Director so appointed holds office only until the next following annual general meeting and is then eligible for election by Shareholders.

Ms Kelley having been appointed by the other Directors as an Executive Director on 7 July 2021 and Mr McGarvie having been appointed by other Directors as a Non-Executive Director on 16 July 2021, will each retire in accordance with the Constitution and Listing Rule 14.4 and being eligible, seek election from Shareholders.

### **Ms Kelley**

Ms. Kelley has previously held roles at the highest levels of international leadership and has played a crucial role in supporting United States of America (U.S.) military operations spanning over 60 countries, collectively known as the U.S. Coalition Allies. Ms. Kelley's networks in, and knowledge of, Europe, the Middle East, Asia, and South and Central America have helped advance American interests during the most critical points in current history. As former honorary ambassador to U.S. Central Command General Mattis and CIA Director David Petraeus, Ms. Kelley met regularly with Royals, Presidents, Prime Ministers, and Parliamentarians to foster military, security, and economic relationships. Ms. Kelley received the Pentagon's esteemed Joint Chiefs of Staff Award for her leadership, along with the Multi-National Military Forces Award, an honour only bestowed upon a few individuals. As a former diplomat, Ms. Kelley was the youngest appointed Honorary Consul General to South Korea. Ms. Kelley's title was bestowed by the President of the Republic of South Korea for her ability and expertise to influence and advance international security, trade and economic opportunities including her help in passing the ROK Free Trade Agreement. In 2017, Ms. Kelley became President of Military Diplomacy Strategies, an international advisory firm that counsels embassies and advises multi-national companies with an in-depth analysis of geopolitical challenges with security, trade and economic opportunities across the global community. In this role, Ms. Kelley made high level introductions, advanced government and corporate relations, helped execute strategic partnerships and oftakes, and facilitated cross-border relationships on a global scale.

Ms. Kelley is not a director of any other ASX listed company.

The members of the Board (other than Ms Kelley) support the election of Ms Kelley and recommend that Shareholders vote in favour of Resolution 2. The appointment of Ms. Kelley is expected to greatly aid the progression of key relationships with global groups, including, but not limited to, those in the US.

### **Mr McGarvie**

Mr. McGarvie is a senior mining executive with an extensive portfolio of technical/managerial appointments in a career exceeding 45 years in mine development, mineral processing, operational and management roles across Australia, Africa and the Middle East. Mr. McGarvie has a long and distinguished career in the mining industry, a significant portion of this with Iluka Resources Limited and prior entities, including development roles within its mineral sands operation at Eneabba, Western Australia and a major role in returning the Sierra Rutile mineral sands operation in Sierra Leone (operated by Iluka) to profitable operations following the civil war in that country. Mr. McGarvie's career has covered a range of senior roles in the mining sector including Production Manager, through Registered Mine Manager to CEO, and he has a deep knowledge and understanding of the African environment and project development in this theatre. His most recent role was Executive General Manager for Global Advanced Metals Pty Ltd, an international business with operations in Australia, the United States and Japan with customers based primarily in Asia, North America and Europe, where he managed the Australian division of the group, focused on tantalum mining and processing in their Australian operations (including the restart of Wodgina and Greenbushes), and sourcing of tantalum concentrates from the DRC and Rwanda. Prior to this, Mr. McGarvie was Managing Director of Bemax Resources and oversaw the integration of Western Australian and New South Wales assets into the Cristal Global business unit. Mr. McGarvie brings a wealth of experience in large-scale, low-cost mining, training and processing operations developed from greenfield sites.

Mr McGarvie holds a Masters of Business & Technology is a member of the Australian Institute of Company Directors and Fellow of the Australian Institute of Management.

Mr. McGarvie is not a director of any other ASX listed company.

The members of the Board (other than Mr McGarvie) support the election of Mr McGarvie and recommend that Shareholders vote in favour of Resolution 3. The appointment of Mr McGarvie is expected to greatly aid the Company's planned progression towards the development and production at the Makuutu Rare Earths Project (Project).

## Resolutions 4, 5 and 6 – Ratification of prior issues of Equity Securities

### Background

Resolutions 4, 5 and 6 relate to the ratification of the following prior issues of Equity Securities:

- (a) on 24 February 2021, the Company issued 300,000,000 Shares at an issue price of \$0.04 per Share (**February Placement Shares**) to professional and sophisticated investor clients of Canaccord Genuity (Australia) Limited and Sixty Two Capital Pty Ltd to raise \$12,000,000 (before costs) (refer to the Company's ASX announcement on 17 February 2021) (**February Placement**);
- (b) the Company issued 35,000,000 Options in consideration for capital market consulting advice (**Consultant Options**) as follows:
  - (i) on 29 March 2021, the Company issued 25,000,000 Consultant Options exercisable at \$0.06 each on or before 28 February 2024 comprising (**Tranche 1 Consultant Options**):
    - (A) 12,500,000 Consultant Options to Sixty Two Capital Pty Ltd;
    - (B) 7,500,000 Consultant Options to Sammex Consulting Pty Ltd; and
    - (C) 5,000,000 Consultant Options to Sol Sal Investments Pty Ltd; and
  - (ii) on 25 May 2021, the Company issued 10,000,000 Consultant Options exercisable at \$0.06 each on or before 28 February 2024 to Divedeli Pty Ltd (**Tranche 2 Consultant Options**).

### Listing Rules 7.1, 7.1A and 7.4

Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue, without approval of its shareholders, 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 7.1A provides that in addition to issues permitted without prior shareholder approval under Listing Rule 7.1, an entity that is eligible and obtains shareholder approval under Listing Rule 7.1A may issue or agree to issue during the period for which the approval is valid a number of quoted equity securities which represents 10% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period as adjusted in accordance with the formula in Listing Rule 7.1.

Where an eligible entity obtains shareholder approval to increase its placement capacity under Listing Rule 7.1A then any ordinary securities issued under that additional placement capacity:

- (a) will not be counted in variable "A" in the formula in Listing Rule 7.1A; and
- (b) are counted in variable "E",

until their issue has been ratified under Listing Rule 7.4 (and provided that the previous issue did not breach Listing Rule 7.1A) or 12 months has passed since their issue.

As the issue of February Placement Shares and Consultant Options pursuant to Resolutions 4 and 5 do not fall within any of the specified exceptions to Listing Rule 7.1 and have not yet been approved by Shareholders, they effectively use up part of the Company's 15% placement capacity under Listing Rule 7.1 and 10% placement capacity under Listing Rule 7.1A (as applicable), reducing the Company's capacity to issue further equity securities without Shareholder approval over the 12 month period following the date of issue of those securities.

Under Listing Rule 7.4, if a company's shareholders approve an issue of equity securities after it has been made or agreed to be made, that issue or agreement to issue equity securities is treated as having been made with Shareholder approval for the purposes of Listing Rule 7.1 (provided that the issue or agreement did not breach Listing Rule 7.1).

By ratifying these previous issues, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in Listing Rule 7.1 and its 10% placement capacity under Listing Rule 7.1A (as applicable), without the requirement to obtain prior Shareholder approval.

Accordingly, the Company is seeking Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the March Placement Shares and the Consultant Options the subject of Resolutions 4, 5 and 6.

## Technical information required by Listing Rule 14.1A

If any of Resolutions 4,5 and 6 are not passed, the February Placement Shares and the Consultant Options (as applicable) will be included in calculating the Company's 15% placement capacity under Listing Rule 7.1 and its 10% placement capacity under Listing Rule 7.1A, effectively decreasing the number of equity securities that the Company can issue without Shareholder approval over the 12 month period following the date of issue of those securities.

If Resolutions 4,5 and 6 are passed, the base figure (i.e. variable "A") in which the Company's 15% placement capacity under Listing Rule 7.1 and its 10% placement capacity under Listing Rule 7.1A is calculated will be a higher number which in turn will allow a proportionately higher number of equity securities to be issued by the Company without prior Shareholder approval.

## Resolution 4 – Technical information required by Listing Rule 7.4 – February Placement Shares

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to Resolution 4:

- (a) the February Placement Shares were issued to professional and sophisticated investors. The recipients were identified through a bookbuild process, which involved Canaccord Genuity (Australia) Limited and Sixty Two Capital Pty Ltd seeking expressions of interest to participate in the capital raising from non-related parties of the Company. None of the recipients are related parties of the Company; and
- (b) 300,000,000 February Placement Shares were issued pursuant to Listing Rule 7.1;
- (c) no Material Investors participated in the February Placement;
- (d) the February Placement Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (e) the February Placement Shares were issued on 24 February 2021;
- (f) the issue price was \$0.04 per February Placement Share;
- (g) the purpose of the February Placement was to raise \$12,000,000 (before costs) which were used to:
  - (i) initiate RAB drilling program across the Project, including initial drilling on the then recently acquired Exploration Licence 00147;
  - (ii) initiate the Phase 2 metallurgical variability test work across the Project to determine the overall step change in metallurgical extractions with optimised conditions;
  - (iii) initiate the next stage of site based activities including geotechnical and sterilisation programs for project development;
  - (iv) initiate the next stage of Environmental and Social Impact Study (ESIA) at the Project;
  - (v) undertake additional evaluation studies across the Project;
  - (vi) make milestone payments; and
  - (vii) for working capital and to pay costs of the February Placement;
- (h) the February Placement Shares were not issued under an agreement; and
- (i) a voting exclusion statement is included in Resolution 4 of this Notice.

## Resolution 5 – Technical information required by Listing Rule 7.4 – Tranche 1 Consultant Options

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to Resolution 5:

- (a) the Tranche 1 Consultant Options were issued as follows: 25,000,000 Consultant Options comprising:
  - (A) 12,500,000 Consultant Options to Sixty Two Capital Pty Ltd;
  - (B) 7,500,000 Consultant Options to Sammex Consulting Pty Ltd; and

(C) 5,000,000 Consultant Options to Sol Sal Investments Pty Ltd; and

None of these persons are a related party of the Company;

- (b) 25,000,000 Consultant Options were issued pursuant to Listing Rule 7.1;
- (c) the Consultant Options were issued on the terms and conditions set out in Annexure A;
- (d) the Tranche 1 Consultant Options were issued on 29 February 2021;
- (e) the Consultant Options were issued for nil cash consideration in consideration of capital market consulting advice provided by the Consultants;
- (f) the purpose of the issue of the Consultant Options was in consideration for capital markets consulting advice provided by the Consultants. Accordingly, no funds were raised from the issue;
- (g) if exercised, the Company intends to use funds received in connection with the Consultant Options for general working capital purposes;
- (h) the Tranche 1 Consultant Options were issued under the terms of a lead manager mandate dated 14 February 2021 between the Company and Canaccord Genuity (Australia) Limited ACN 075 071 466 (**Lead Manager**) entered into in connection with the February Placement (**Lead Manager Mandate**) (the material terms of which are summarised at the end of the Explanatory Notes to Resolution 5);
- (i) a voting exclusion statement is included in Resolution 5 of this Notice.

As required by ASX Listing Rule 7.3.7, the following information relating to the material terms of the Lead Manager Mandate is provided in respect of Resolution 5:

- (a) The Company has agreed to pay the Lead Manager:
  - (i) a management fee of 2.0% of the gross proceeds raised under the February Placement (**Management Fee**);
  - (ii) a capital raising fee of 4.0% of the gross proceeds raised under the February Placement (**Capital Raising Fee**); and
- (b) The Company also agreed that, in the event that the February Placement was successful, that it would issue 25,000,000 Consultant Options to Sixty Two Capital Pty Ltd as corporate adviser to the February Placement.
- (c) The Lead Manager Mandate can be terminated by the Lead Manager by giving 30 days written notice to the Company.
- (d) The Company is entitled to terminate the Lead Manager Mandate where the Lead Manager has materially breached the Lead Manager Mandate where such breach has not been remedied within 14 days of the Company giving notice to the Lead Manager.
- (e) The Lead Manager Mandate contains customary warranties and indemnities in favour of the Lead Manager for an agreement such as the Lead Manager Mandate, including that the Company must indemnify the Lead Manager for breaches by the Company or claims brought against the Lead Manager in connection with the February Placement.

## **Resolution 6 – Technical information required by Listing Rule 7.4 – Tranche 2 Consultant Options**

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to Resolution 6:

- (a) 10,000,000 Consultant Options to Divedeli Pty Ltd who is not a related party of the Company;
- (b) 10,000,000 Consultant Options were issued pursuant to Listing Rule 7.1;
- (c) the Tranche 2 Consultant Options were issued on the terms and conditions set out in Annexure A;
- (d) the Tranche 2 Consultant Options were issued on 25 May 2021;
- (e) the Consultant Options were issued for nil cash consideration in consideration of capital market consulting advice provided by the Consultants;

- (f) the purpose of the issue of the Consultant Options was in consideration for capital markets consulting advice provided by the Consultants. Accordingly, no funds were raised from the issue;
- (g) if exercised, the Company intends to use funds received in connection with the Consultant Options for general working capital purposes;
- (h) pursuant to a consultancy services agreement, the Company agreed to pay a monthly retainer of \$6,800 and issue Divedeli Pty Ltd the Tranche 2 Consultant Options in consideration for assistance with metallurgical flow sheet design, facilitating the introduction of end-users of Rare Earth intermediate chemical precipitate with the objective of securing off-take contracts, facilitating the introduction of engineering, procurement, construction and management (**EPCM**) provider and capital markets consulting advice provided by Divedeli Pty Ltd. There were no other material terms under the agreement;
- (i) a voting exclusion statement is included in Resolution 6 of this Notice.

## Resolution 7 - Adoption of Employee Share Option Plan

### Background

Resolution 7 seeks Shareholders approval for the adoption of an employee incentive schemes titled "Ionic Rare Earths Limited Employee Share Option Plan" (**Option Plan**) in accordance with Listing Rule 7.2 (Exception 13).

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 7.2 (Exception 13) sets out an exception to Listing Rule 7.1 which provides that issues under an employee incentive scheme are exempt for a period of 3 years from the date on which shareholders approve the issue of securities under the scheme as an exception to Listing Rule 7.1.

If Resolution 7 is passed, the Company will be able to issue Options under the Option Plan to eligible participants over a period of 3 years without impacting on the Company's ability to issue up to 15% of its total ordinary securities without Shareholder approval in any 12 month period.

Shareholders should note that no securities have previously been issued under the Option Plan. However, as set out in Resolutions 8 to 10 below, the Company is seeking approval to issue 18,000,000 Options under the Option Plan to the Directors. The maximum number of equity securities proposed to be issued under the Option Plan following approval is 169,319,976.

The objective of the Option Plan is to attract, motivate and retain key employees and it is considered by the Company that the adoption of the Option Plan and the future issue of securities under the Option Plan will provide selected employees with the opportunity to participate in the future growth of the Company.

Any future issues of Options under the Option Plan to a related party or a person whose relationship with the Company or the related party is, in ASX's opinion, such that approval should be obtained, will require additional Shareholder approval under Listing Rule 10.14 at the relevant time. For this reason, the Company is also seeking approval under Resolutions 8 to 10 for the issue of Options to the Directors under the Option Plan.

A summary of the key terms and conditions of the Option Plan is set out in Annexure B. In addition, a copy of the Option Plan is available for review by Shareholders at the registered office of the Company until the date of the Meeting.

A copy of the Option Plan can also be sent to Shareholders upon request to the Company Secretary. Shareholders are invited to contact the Company if they have any queries or concerns.

A voting exclusion statement is included in Resolution 7 of this Notice

### Technical information required by Listing Rule 14.1A

If Resolution 7 is passed, the Company will be able to issue Options under the Option Plan to eligible participants over a period of 3 years without impacting on the Company's 15% placement capacity under Listing Rule 7.1 and its 10% placement capacity under Listing Rule 7.1A in any 12 month period.

The Company must still seek Shareholder approval under Listing Rule 10.14 in respect of any future issues of Options under the Option Plan to a related party or a person whose relationship with the Company or the related party is, in ASX's opinion, such that approval should be obtained.



If Resolution 7 is not passed, the Company will still be able to proceed with the issue of Options to eligible participants - however, any issues of Options will fall within the Company's 15% placement capacity under Listing Rule 7.1 and its 10% placement capacity under Listing Rule 7.1A, effectively decreasing the number of equity securities that the Company can issue without Shareholder approval over the 12 month period following the date of issue of those securities.

## **Resolutions 8 to 10 – Approval to issue Options to Directors under the Option Plan**

### **Background**

The Company has agreed, subject to obtaining Shareholder approval, to grant a total of 18,000,000 Options to Directors of the Company (or their nominees) (**Director Options**) under the Option Plan as follows:

- (a) 5,000,000 Director Options to Mr Trevor Benson (or his nominee(s)) (Resolution 8); and
- (b) 10,000,000 Director Options to Mr Tim Harrison (or his nominee(s)) (Resolution 9); and
- (c) 3,000,000 Director Options to Mr Max McGarvie (or his nominee(s)) (Resolution 10).

Each Director Option will have an exercise price equal to a 50% premium to the volume weighted average price of Shares on ASX on the 30 Trading Days before the date of this Meeting and will have an expiry date of 3 years from the date of issue. The Director Options will otherwise be issued to Messrs Benson, Harrison and McGarvie (or their respective nominees) (**Related Parties**) on the terms and conditions set out in the Option Plan.

Resolutions 8 to 10 seek Shareholder approval for the grant of the Director Options to the Directors and are subject to the passing of Resolution 6.

### **Chapter 2E of the Corporations Act and Listing Rule 10.14**

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 grant of Director Options constitutes giving a financial benefit and the Directors are related parties of the Company by virtue of being Directors. As it is proposed that Options be issued to all Directors (except Ms Kelley), 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 issue of Options to the Related Parties for the purposes of Chapter 2E of the Corporations Act.

In addition, 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:

10.14.1 a director of the entity,

10.14.2 an associate of the director, or

10.14.3 a person whose relationship with the entity, director or associate of the director is, in ASX's opinion, such that approval should be obtained.

Approval pursuant to Listing Rule 7.1 is not required in order to grant the Director Options to the Directors as approval is being obtained under Listing Rule 10.14. Accordingly, if Resolutions 8 to 10 are approved, the grant of Director Options to the Directors will not be included in the 15% calculation of the Company's annual placement capacity pursuant to Listing Rule 7.1.

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

If Resolutions 8 to 10 are passed, the Company will be able to proceed with the grant of the Director Options to each of the Directors (or their respective nominees) within 3 years after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules). As approval pursuant to Listing Rule 7.1 is not required for the grant of the Director Options (because approval is being obtained under Listing Rule 10.14), the grant of the Director Options will not use up any of the Company's 10% or 15% annual placement capacities.

If Resolutions 8 to 10 are not passed, the Company will not be able to proceed with the grant of the Director Options to the Directors.

### **Technical information required by Listing Rule 10.15 and section 219 of the Corporations Act**

Pursuant to and in accordance with the requirements of section 219 of the Corporations Act and Listing Rule 10.15, the following information is provided in relation to the proposed grant of Director Options:

- (a) Messrs Benson, McGarvie and Harrison fall within the category set out in Listing Rule 10.4.1 and are related parties of the Company by virtue of being Directors;
- (b) the maximum number of Director Options (being the nature of the financial benefit being provided) to be granted to the Directors is:
  - (i) 5,000,000 Director Options to Mr Trevor Benson (or his nominee(s)) (Resolution 8);
  - (ii) 10,000,000 Director Options to Mr Tim Harrison (or his nominee(s)) (Resolution 9); and
  - (iii) 3,000,000 Director Options to Mr Max McGarvie (or his nominee(s)) (Resolution 10).
- (c) the Director Options will be granted for nil cash consideration, accordingly no funds will be raised;
- (d) if exercised, the Company intends to use the proceeds from the exercise of the Director Options for general working capital purposes;
- (e) the Director Options will be issued to the Directors 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 Director Options will be issued on one date;
- (f) no loans are being provided in connection with the issue of the Director Options under the Option Plan;
- (g) the terms and conditions of the Option Plan are set out in Annexure B. In addition to the terms contained in Annexure B the terms and conditions of the Director Options are set out under the heading titled "Background" in the Explanatory Notes to Resolutions 8 to 10. Further each Option will each convert into one Share upon exercise;
- (h) details of any Director Options issued under the Option Plan will be published in the Company's annual report relating to the period in which they were issued, along with a statement that approval for the issue of any such Director Options was obtained under ASX Listing Rule 10.14;
- (i) any additional persons covered by ASX Listing Rule 10.14 who become entitled to participate in the Option Plan after the passing of Resolutions 8, 9 and 10 who were not named in this Notice will not participate in the Option Plan until approval is obtained under ASX Listing Rule 10.14;
- (j) the value of the Director Options and the pricing methodology is set out in Annexure C (which notes the value of each Director Option to be \$0.0246);
- (k) the Shares issued on exercise of the Director Options will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (l) the Option Plan and issue of Director Options under the Option Plan has not previously been approved by Shareholders. Accordingly, no Director Options have been issued under the Option Plan to persons referred to in Listing Rule 10.14 (i.e. a Director, an associate of the Director, or a person whose relationship with the Company, Director or associate of the Director is, in ASX's opinion, such that approval should be obtained);
- (m) each of the current Directors, being Messrs Benson, Harrison and McGarvie, are eligible to participate in the Option Plan;
- (n) the relevant interests of the Related Parties in securities of the Company (as at the date of this Notice) is set out below:

Director	Shares	Options
Mr Trevor Benson	Nil.	20,000,000 <sup>1</sup>
Mr Tim Harrison	4,750,000	40,000,000 <sup>2</sup>
Mr Max McGarvie	Nil.	Nil.

**Notes:**

1. Comprising 10,000,000 Options exercisable at \$0.018 each on or before 30 November 2022 and 10,000,000 Options exercisable at \$0.0215 each on or before 30 November 2023.
2. Comprising 20,000,000 Options exercisable at \$0.018 each on or before 30 November 2022 and 20,000,000 Options exercisable at \$0.0215 each on or before 30 November 2023.

- (o) the remuneration and emoluments from the Company to the Directors for the previous financial year and the proposed remuneration and emoluments for the current financial year are set out below:

Financial Year Ended 30 June 2021						
Director	Base Salary \$	Bonus \$	Superannuation \$	Options \$	Performance Rights \$	Total remuneration \$
Mr Trevor Benson <sup>1</sup>	118,367	-	11,243	211,400	-	341,010
Mr Tim Harrison	312,500 <sup>3</sup>	50,000 <sup>4</sup>	-	224,100	-	586,600
Mr Max McGarvie <sup>2</sup>	-	-	-	-	-	-
Financial Year Ended 30 June 2022 (Forecast)						
Director	Base Salary \$	Bonus \$	Superannuation \$	Indicative value of Options \$	Indicative value of Performance Rights \$	Total remuneration \$
Mr Trevor Benson	80,000	-	8,000	123,140	-	211,140
Mr Tim Harrison	360,000	-	-	246,280	46,800	653,080
Mr Max McGarvie	50,000	-	5,000	73,884	-	128,884

**Note:**

1. Mr Benson was appointed a director on 31 August 2020.
  2. Mr. McGarvie was appointed a director on 16 July 2021.
  3. Effective 21 December 2020 Mr. Harrison was appointment as Managing Director and entitled to a base salary of \$27,500 per month.
  4. Comprising a short-term incentive of \$50,000 upon the issue of a positive scoping study before 1 November 2020.
- (p) If all Director Options granted under Resolutions 8 to 10 are exercised, a total of 18,000,000 Shares would be issued. This will increase the number of Shares currently on issue from 3,392,399,514 to 3,410,399,514 assuming that no other Shares are issued, with the effect that the shareholding of existing Shareholders would be diluted by an aggregate of 0.53%, comprising 0.15% by Mr Benson, 0.09% by Mr McGarvie and 0.29% by Mr Harrison;
- (q) the trading history of the Shares on ASX in the 12 months before the date of this Notice is set out below;

Highest price/date	Lowest price/date	Latest price/date
\$0.065 / 7 April and 3 March 2021	\$0.012 / 29 October 2020	\$0.036 / 4 October 2021

- (r) the Board considers the grant of Options to the Directors is reasonable in the circumstances for the reason set out in paragraph (t);

- (s) the primary purpose of the grant of the Director Options to the Directors is to provide a performance linked incentive component in the remuneration package for the Directors to motivate and reward the performance of the Directors in their respective roles as Directors;
- (t) Mr Benson declines to make a recommendation to Shareholders in relation to Resolution 8 due to a material personal interest in the outcome of the Resolution on the basis that he is to be granted Director Options in the Company should Resolution 8 be passed. However, in respect of Resolutions 9 and 10, Mr Benson recommends that Shareholders vote in favour of the Resolutions for the following reasons:
  - (i) the grant of Directors Options to the Directors, will align the interests of the Directors with those of Shareholders;
  - (ii) the grant of the Director Options is a reasonable and appropriate method to provide cost effective remuneration compared to other alternative forms of incentives as 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 to the Directors; and
  - (iii) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in granting the Directors Options upon the terms proposed;
- (u) Mr Harrison declines to make a recommendation to Shareholders in relation to Resolution 9 due to a material personal interest in the outcome of the Resolution on the basis that he is to be granted Director Options in the Company should Resolution 9 be passed. However, in respect of Resolutions 8 and 10, Mr Harrison recommends that Shareholders vote in favour of the Resolutions for the reasons set out in paragraph (t);
- (v) Mr McGarvie declines to make a recommendation to Shareholders in relation to Resolution 10 due to a material personal interest in the outcome of the Resolution on the basis that he is to be granted Director Options in the Company should Resolution 10 be passed. However, in respect of Resolutions 8 and 9, Mr McGarvie recommends that Shareholders vote in favour of the Resolutions for the reasons set out in paragraph (t);
- (w) in forming their recommendations and determining the number and exercise price of Directors Options to be granted to each of the Directors, each Director considered:
  - (iv) the cash remuneration of the Directors;
  - (v) the extensive experience and reputation of the Directors within the resources industry;
  - (vi) the current price of Shares;
  - (vii) that the Directors' wish to ensure that the remuneration offered is competitive with market standards or/and practice. The Directors have considered the proposed number of Directors Options to be granted and will ensure that the Directors' overall remuneration is in line with market practice;
  - (viii) incentives to attract and ensure continuity of service of Directors who have appropriate knowledge and expertise, while maintaining the Company's cash reserves;
- (x) voting exclusions are included in Resolutions 8 to 10; and
- (y) 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 8 to 10.

## **Resolution 11 to 13 – Approval to grant Performance Rights to Mr Tim Harrison and Ms Jill Kelley and Shares to Ms Jill Kelley**

### **Background**

The Company is proposing to grant 10,000,000 Performance Rights to Mr Tim Harrison and 3,500,000 Performance Rights to Ms Jill Kelley on the terms and conditions set out in Annexure D and issue 3,500,000 Shares to Ms Kelley.

Under the Company's current circumstances, the Directors consider that the grant of Performance Rights to each of Mr Harrison and Ms Jill Kelley and Shares to Ms Jill Kelley represents a cost effective way for the Company to remunerate these parties.

The Performance Rights (**Vesting Conditions**):

- (a) to be issued to Mr Harrison will vest as follows:
- (i) 3.3 million Performance Rights will vest when the Company's VWAP share price is above 6 cents for a period of 30 consecutive days (**Tranche A**);
  - (ii) 3.3 million Performance Rights will vest when the Company's VWAP share price is above 8 cents for a period of 30 consecutive days (**Tranche B**); and
  - (iii) 3.4 million Performance Rights will vest when the Company's VWAP share price is above 10 cents for a period of 30 consecutive days (**Tranche C**).
- (b) to be issued to Ms Jill Kelley will vest when the Company signs its first offtake agreement as a result of Ms Kelley's introduction.

The issue of Shares is a sign on equity incentive aimed at encouraging Ms Kelley to accept her appointment as an executive Director of the Company and to strive for future growth and prosperity of the Company by participating in any growth through Share ownership.

The Company does not consider that there are any significant opportunity costs to the Company or benefits foregone by the Company in granting the Performance Rights and issuing Shares upon the terms proposed.

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

A summary of Chapter 2E of the Corporations Act is contained in the Explanatory Notes to Resolutions 8 to 10.

The grant of the Performance Rights constitutes giving a financial benefit and each of Mr Harrison and Ms Kelley are related parties of the Company by virtue of being a Director.

Notwithstanding the fact that the Directors have formed the view that the issue of Performance Rights to Mr Harrison will likely constitute reasonable remuneration, an exception under Chapter 2E of the Corporations Act, for completeness the Company is seeking Shareholder approval pursuant to Chapter 2E of the Corporations Act for the grant of the Performance Rights to Mr Harrison.

## **Listing Rule 10.11**

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

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

unless it obtains the prior approval of its shareholders.

As the issue of the Performance Rights to each of Mr Harrison and Ms Kelley (or their nominee(s)) falls within Listing Rule 10.11.1 and does not fall within any of the exceptions in Listing Rule 10.12, Shareholder approval pursuant to Listing Rule 10.11 is required.

Resolutions 11 to 13 seek the required Shareholder approval for the grant of the Performance Rights and the issue of Shares under and for the purposes of Chapter 2E of the Corporations Act and Listing Rule 10.11.

## Technical information required by Listing Rule 14.1A

If Resolutions 11 to 13 are passed, the Company will be able to proceed with the grant of Performance Rights to each of Mr Harrison and Ms Kelley and the issue of Shares to Ms Kelley (or their respective nominees) within 1 month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules). As approval pursuant to Listing Rule 7.1 is not required for the grant of the Performance Rights and Shares (because approval is being obtained under Listing Rule 10.11), the grant of Performance Rights and Shares will not use up any of the Company's 10% or 15% annual placement capacities.

If Resolutions 11 to 12 are not passed, the Company will not be able to proceed with the grant of Performance Rights to Mr Tim Harrison and Ms Kelley, and the grant of Shares to Ms Kelley.

## Resolution 11 - Technical information required by Listing Rule 10.13 and section 219 of the Corporations Act

Pursuant to and in accordance with Listing Rule 10.13 and section 219 of the Corporations Act, the following information is provided in relation to Resolution 11:

- (a) the Performance Rights the subject of Resolution 11 are proposed to be issued to Mr Tim Harrison (or his nominee);
- (b) Mr Harrison falls within the category set out in Listing Rule 10.1.1 by virtue of being a Director;
- (c) a maximum of 10,000,000 Performance Rights (being the nature of the financial benefit being provided) are proposed to be granted to Mr Harrison;
- (d) the Performance Rights will be granted on the terms and conditions set out in Annexure D;
- (e) the Performance Rights will be issued within 1 month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules);
- (f) the issue price of the Performance Rights will be nil, accordingly no funds will be raised from the issue;
- (g) the purpose of the issue of the Performance Rights is to provide a performance linked incentive component in the remuneration package for Mr Harrison to motivate and reward his performance as a Director to achieve the Company's current objectives relating to the Project.
- (h) The Directors (other than Mr Tim Harrison) consider that the Performance Rights provide a cost effective remuneration to Mr Harrison and compared to other alternative forms of incentives and further that Performance Rights, rather than Options, are viewed as a better alternative to remunerate executives who are tasked with achieving certain specific strategic outcomes, enabling the Company to spend a greater proportion of its cash reserves on its operations that it would if alternative cash forms of remuneration were given to Mr Harrison;
- (i) the Performance Rights are not being granted to Mr Harrison under an agreement;
- (j) each Performance Right gives the holder the right to be issued one Share, subject to the satisfaction of the vesting conditions referred to in the Explanatory Memorandum for Resolutions 11 to 13 under the heading "Background";
- (k) a voting exclusion statement is included in Resolution 11 of this Notice;
- (l) the value of the Performance Rights and the pricing methodology is set out in Annexure E (which notes the value for each Performance Right to be \$0.008 for Tranche A, \$0.004 for Tranche B and \$0.002 for Tranche C);
- (m) the relevant interests of Mr Harrison in the securities of the Company (as at the date of this Notice) is set out on page 8;
- (n) the total remuneration and emoluments from the Company to Mr Harrison for the previous financial year and the proposed remuneration and emoluments for the current financial year are set out on page 8;
- (o) if Shareholder approval is obtained for Resolution 11, the issue of the Performance Rights will not have any immediate dilutionary effect to existing Shareholders' interests. If all Performance Rights granted to Mr Harrison vest, a total of 10,000,000 Shares would be issued. This will increase the number of Shares currently on issue from 3,392,399,514, (being the total number of Shares on issue as at the date of this Notice) to 3,402,399,514

(assuming that no other Shares are issued and no convertible securities vest or are exercised), with the effect that the shareholding of existing Shareholders would be diluted by 0.29%;

- (p) the trading history of the Shares on ASX in the 12 months before the date of this Notice is set out on page 9;
- (q) Mr Harrison declines to make a recommendation to Shareholders in relation to Resolution 11 due to a material personal interest in the outcome of the Resolution on the basis that he (or his nominee) is to be granted Performance Rights should Resolution 11 be passed. Each of the other Directors recommends that Shareholders vote in favour of Resolution 11 for the reasons set out in paragraph (r);
- (r) in forming their recommendations and determining the number and vesting conditions of the Performance Rights to be granted to each of the Directors (other than Mr Harrison) considered:
  - (i) the cash remuneration of Mr Harrison;
  - (ii) the current objectives of the Company to ascertain the appropriate vesting conditions;
  - (iii) the extensive experience and reputation of Mr Harrison within the resources industry; and
  - (iv) the Directors' wish to ensure that the remuneration offered is competitive with market standards or/and practice. The other Directors have considered the proposed number of Performance Rights to be granted and will ensure that Mr Harrison's overall remuneration is in line with market practice; and
- (s) the Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolution 11.

### **Resolutions 12 and 13- Technical information required by Listing Rule 10.13 and section 219 of the Corporations Act**

Pursuant to and in accordance with Listing Rule 10.13 and section 219 of the Corporations Act, the following information is provided in relation to Resolutions 12 and 13:

- (a) the Performance Rights and Shares are proposed to be issued to Ms Kelley (or her nominee(s));
- (b) Ms Kelley falls within the category set out in Listing Rule 10.1.1 and is a related party by virtue of being a Director;
- (c) a maximum of 3,500,000 Performance Rights under Resolution 12 and the 3,500,000 Shares under Resolution 13 (being the nature of the financial benefits being provided) are proposed to be granted;
- (d) the Performance Rights will be granted on the terms and conditions set out in Annexure D. The Shares will be fully paid ordinary shares issued on the same terms and conditions as the Company's existing Shares;
- (e) the Performance Rights and Shares will be issued within 1 month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules);
- (f) the issue price of the Performance Rights and Shares will be nil, accordingly no funds will be raised from the issue;
- (g) the purpose of the issue of the Performance Rights is to provide a performance linked incentive component in the remuneration package for Ms Kelley while the issue of Shares aims to encourage Ms Kelley to accept her appointment as an executive Director of the Company and to provide an incentive component to Ms Kelley's remuneration package that aligns Ms Kelley's interests with the interests of other Shareholders.
- (h) Both the Performance Rights and Shares aim to motivate and reward Ms Kelley's performance as a Director to achieve the Company's current objectives to increase its presence in North America and provide cost effective remuneration to Ms Kelley compared to other alternative forms of incentives, enabling the Company to spend a greater proportion of its cash reserves on its operations that it would if alternative cash forms of remuneration were given to Ms Kelley. Additionally, Performance Rights, rather than Options, are viewed as a better alternative to remunerate executives who are tasked with achieving certain specific strategic outcomes;
- (i) each Performance Right gives the holder the right to be issued one Share, subject to the satisfaction of the vesting condition referred to in the Explanatory Memorandum for Resolutions 11 to 13 under the heading "Background" ;

- (j) the Performance Rights and Shares are being granted and issued to Ms Kelley under the terms of an appointment agreement with Ms Kelley (**Agreement**). The material terms of the Agreement are set out below:
  - a. The Company has agreed to:
    - i. pay Ms Kelley a consulting fee of US\$10,000 per month being (US\$120,000 per year); and
    - ii. subject to Resolutions 12 and 13 being passed to issue 3,500,000 Shares to Ms Kelley and grant 3,500,000 Performance Rights which will vest when the Company signs its first offtake agreement as a result of Ms Kelley's introduction; and
- (k) voting exclusion statements are included in Resolutions 12 and 13 of this Notice;
- (l) the value of the Performance Rights and the pricing methodology is set out in Annexure E (which notes the value of each Performance Right to be \$0.036);
- (m) the price of each Share as at 4 October 2021 was \$0.036. Accordingly, an indicative value of all Shares proposed to be issued pursuant to Resolution 13 is \$126,000;
- (n) Ms Kelley does not have a relevant interest in the securities of the Company (as at the date of this Notice);
- (o) the total remuneration and emoluments from the Company to Ms Kelley for the for the current financial year are set out in paragraph (j) above. Ms Kelley was appointed on 8 July 2021 and so was not paid any remuneration in the previous financial year;
- (p) if Shareholder approval is obtained for Resolutions 12, the issue of the Performance Rights will not have any immediate dilutionary effect to existing Shareholders' interests. If all Performance Rights granted to Ms Kelley vest, a total of 3,500,000 Shares would be issued. This will increase the number of Shares currently on issue from 3,392,399,614, (being the total number of Shares on issue as at the date of this Notice) to 3,395,899,514 (assuming that no other Shares are issued and no convertible securities vest or are exercised), with the effect that the shareholding of existing Shareholders would be diluted by 0.10%. If Shareholder approval is obtained for Resolution 13, a total of 3,500,000 Shares will be issued. This will increase the number of Shares currently on issue from 3,392,399,614, (being the total number of Shares on issue as at the date of this Notice) to 3,395,899,514 (assuming that no other Shares are issued and no convertible securities vest or are exercised), with the effect that the shareholding of existing Shareholders would be diluted by 0.10%. The shareholding of existing Shareholders would be diluted by 0.21% if the 3,500,000 Shares are issued and 3,500,000 Shares are issued on the conversion of the Performance Right.
- (q) the trading history of the Shares on ASX in the 12 months before the date of this Notice is set out on page 9;
- (r) Ms Kelley declines to make a recommendation to Shareholders in relation to Resolutions 12 and 13 due to a material personal interest in the outcome of the Resolutions on the basis that she (or her nominee) is to be granted Performance Rights should Resolution 12 be passed and issue Shares should Resolution 13 be passed. Each of the other Directors recommends that Shareholders vote in favour of the Resolutions for the reasons set out in paragraph (g);
- (s) in forming their recommendations and determining the number and vesting conditions of the Performance Rights to be granted and Shares to be issued to Ms Kelley considered:
  - (i) the cash remuneration of Ms Kelley;
  - (ii) the current objectives of the Company to ascertain the appropriate vesting conditions;
  - (iii) the extensive experience and reputation of Ms Kelley; and
  - (iv) the Directors' wish to ensure that the remuneration offered is competitive with market standards or/and practice. The other Directors have considered the proposed number of Performance Rights to be granted and will ensure that Ms Kelley's overall remuneration is in line with market practice;
- (t) 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 12 and 13.



## **Resolution 14 – Approval of 10% Placement Capacity**

### **Background**

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 limit by an extra 10% to 25%.

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

Any Equity Securities issued under the 10% Placement Capacity must be in the same class as an existing class of quoted Equity Securities. As at the date of this Notice, the Company currently has one class of quoted Equity Securities on issue, being the Shares (ASX Code: IXR).

Resolution 14 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 (**10% Placement Capacity**).

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

If Resolution 14 is passed, the Company will be able to issue Equity Securities up to the combined 25% limit in Listing Rules 7.1 and 7.1A without any further Shareholder approval.

If Resolution 14 is not passed, the Company will not be able to access the additional 10% capacity to issue Equity Securities without Shareholder approval under Listing Rule 7.1A and will remain subject to the 15% limit on issuing Equity Securities without Shareholder approval set out in Listing Rule 7.1.

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

#### **(a) Timing of potential issues**

The Equity Securities may be issued under the 10% Placement Capacity 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 this Meeting;
- (ii) the time and date of the Company's next annual general meeting; and
- (iii) the time and date of approval by Shareholders of any transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of the Company's activities) or Listing Rule 11.2 (disposal of the Company's main undertaking).

#### **(b) Minimum price**

Any Equity Securities issued under the 10% Placement Capacity must be in an existing quoted class of Equity Securities and be issued at a minimum issue price of 75% of the volume weighted average price for the Company's Equity Securities in that class, calculated over the 15 Trading Days on which trades in that class were recorded immediately before:

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

#### **(c) Use of funds**

The Company intends to use the funds raised from the issue of Equity Securities under the 10% Placement Capacity towards feasibility studies at the Makuutu Rare Earths project, administration costs and general working capital.

Variable 'A'	Number of Shares issued and funds raised under the Additional 10% Placement Capacity and dilution effect	Dilution		
		Issue Price at half the current market price	Issue Price at current market price	Issue Price at double the current market price
		\$0.018	\$0.036	\$0.072
<b>Current Variable 'A'</b> 3,392,399,514	<b>Shares issued</b>	339,239,951	339,239,951	339,239,951
	<b>Funds raised</b>	\$6,106,319	\$12,212,638	\$24,425,276
	<b>Dilution</b>	10%	10%	10%
<b>50% increase in current Variable 'A'</b> 5,088,599,271	<b>Shares issued</b>	508,859,927	508,859,927	508,859,927
	<b>Funds raised</b>	\$9,159,479	\$18,318,957	\$36,637,915
	<b>Dilution</b>	10%	10%	10%
<b>100% increase in current variable 'A'</b> 6,784,799,028	<b>Shares issued</b>	678,479,903	678,479,903	678,479,903
	<b>Funds raised</b>	\$12,212,638	\$24,425,277	\$48,850,553
	<b>Dilution</b>	10%	10%	10%

\*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.

**Notes:** The table above assumes:

- There are 3,392,399,514 Shares on issue.
- The issue price set out above is the closing price of Shares on the ASX on 4 October 2021.
- The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity.
- The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in Listing Rule 7.2 or with approval under Listing Rule 7.1.
- The issue of Equity Securities under the 10% Placement Capacity consists only of Shares. It is assumed that no Options are exercised into Shares before the date of issue of the Equity Securities.
- 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.
- The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
- The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
- The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Capacity, based on that Shareholder's holding at the date of the Meeting.

Shareholders should note that there is a risk that:

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

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

Any issue of Equity Securities under the 10% Placement Capacity will dilute the interests of Shareholders who do not receive any Shares under the issue.

If Resolution 14 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 10% Placement Capacity, the economic and voting dilution of existing Shares would be as shown in the table above.

The table above shows the dilution of existing Shareholders calculated in accordance with the formula outlined in Listing Rule 7.1A(2), on the basis of the closing market price of Shares and the number of Equity Securities on issue as at 4 October 2021.

The table also shows the voting dilution impact where the number of Shares on issue (Variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 10% Placement Capacity.

(e) **Allocation policy**

The identity of the persons to whom Equity Securities will be issued under the 10% Placement Capacity have not yet been determined as at the date of this Notice, but could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company.

The persons to whom Equity Securities will be issued under the 10% Placement Capacity will be determined on a case-by-case basis having regard to market conditions at the time of the proposed issue of Equity Securities, including consideration of matters including, but not limited to:

- (i) the purpose of the issue;
- (ii) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;
- (iii) the effect of the issue of the Equity Securities on the control the Company;
- (iv) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;
- (v) prevailing market conditions; and
- (vi) advice from its professional advisers, including corporate, financial and broking advisers (if applicable).

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

The Company previously obtained Shareholder approval under Listing Rule 7.1A at its annual general meeting held on 27 November 2020 (**Previous Approval**). No Shares have been issued in the 12 month period preceding this Meeting under Listing Rule 7.1.

(g) **Voting exclusion statement**

As at the date of this Notice, the Company is not proposing to make an issue of Equity Securities under Listing Rule 7.1A. Accordingly, a voting exclusion statement is not included in respect of this Resolution 14.

## Glossary

**\$** means Australian dollars.

**Annexure A** means the annexure to the Explanatory Memorandum marked B which contains the terms and conditions of the Consultant Options.

**Annexure B** means the annexure to the Explanatory Memorandum marked C which contains the terms and conditions of the Option Plan.

**Annexure C** means the annexure to the Explanatory Memorandum marked D which contains the valuation of the Director Options.

**Annexure D** means the annexure to the Explanatory Memorandum marked E which contains the terms and conditions of the Performance Rights.

**Annexure E** means the annexure to the Explanatory Memorandum marked F which contains the valuation of the Performance Rights.

**Associate** has the meaning given in the Listing Rules.

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

**Board** means the current Board of Directors.

**Chair** means the individual elected to chair any meeting of the Company from time to time.

**Child Entity** has the meaning given to that term in the Listing Rules.

**Consultant Option** means an Option the subject of Resolution 5 with the terms and conditions set out in Annexure B.

**Closely Related Party** has the meaning given to that term in the Corporations Act.

**Company** means Ionic Rare Earths Limited ABN 84 083 646 477.

**Constitution** means the Company's constitution, as amended from time to time.

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

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

**Director Option** means an Option granted pursuant to Resolutions 8 to 10 with the terms and conditions set out in the Option Plan.

**Eligible Entity** has the meaning given to the Listing Rules.

**Equity Securities** has the meaning set out in the Listing Rules.

**Explanatory Memorandum** means the explanatory memorandum accompanying this Notice.

**Key Management Personnel** has the meaning given to that term in the Accounting Standards.

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

**Material Investor** means, in relation to the Company:

- (a) a related party;
- (b) a member of the key management personnel;
- (c) a substantial Shareholder;
- (d) an advisor; or
- (e) an associate of a person referred to in (a)-(d),

who received or will receive Shares in the Company that would constitute more than 1% of the Company's anticipated issued capital at the time of issue.

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

**Notice** means this Notice of Annual General Meeting.

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

**Performance Rights** means a right to be issued a Share subject to the satisfaction of certain vesting conditions.

**Resolution** means a resolution contained in the Notice.

**Shareholder** means a member of the Company from time to time.

**Shares** means fully paid ordinary shares in the capital of the Company.

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

**Tranche A** has the meaning given to that term in the Explanatory Memorandum for Resolutions 11 to 13.

**Tranche B** has the meaning given to that term in the Explanatory Memorandum for Resolutions 11 to 13.

**Tranche C** has the meaning given to that term in the Explanatory Memorandum for Resolutions 11 to 13.

**Vesting Condition** has the meaning given to that term in the Explanatory Memorandum for Resolutions 11 to 13.

**VWAP** means the volume weighted average price.

**WST** means Australian Western Standard Time.

## Annexure A – Terms and Conditions of Consultant Options

1. No monies will be payable for the issue of the Consultant Options.
2. The Consultant Options shall expire at 5.00pm (Perth time) on 28 February 2024 (**Expiry Date**).
3. Subject to conditions 12 and 13, each Consultant Option shall carry the right in favour of the option holder to subscribe for one fully paid ordinary share in the capital of the Company (**Share**).
4. Subject to condition 11, the exercise price for each Consultant Option shall be a \$0.06 (**Exercise Price**).
5. Subject to condition 11, the Exercise Price of the Consultant Options shall be payable in full on exercise of the Options.
6. Consultant Options shall be exercisable by the delivery to the registered office on the Company of a notice in writing stating the intention of the option holder to:
  - a. exercise all or a specified number of Consultant Options; and
  - b. pay the Exercise Price in full for the exercise of each Consultant Option.

The notice must be accompanied by a cheque made payable to the Company for the exercise price for the Consultant Options. An exercise of only some Consultant Options shall not affect the rights of the option holder to the balance of the Consultant Options.

7. The Company shall allot the resultant Shares and deliver the holding statement within five business days of the exercise of the Consultant Options.
8. Subject to the requirements of the Corporations Act 2001 (Cth), the Consultant Options shall be freely transferable but will not be listed on the Australian Securities Exchange (**ASX**).
9. Shares allotted pursuant to an exercise of Consultant Options shall rank, from the date of allotment, equally with existing Shares in all respects.
10. The Company shall apply for official quotation on the ASX of the Shares allotted pursuant to the exercise of any of the Consultant Options.
11. In the case of any entitlements issue (other than a bonus issue) the Exercise Price of the Consultant Options shall be reduced according to the following formula:

$$O' = O - \frac{E [P - (S + D)]}{N + 1}$$

- $O'$  = the new exercise price of the Option.
- $O$  = the old exercise price of the Option.
- $E$  = the number of underlying securities into which one Option is exercisable.
- $P$  = the average market price per Share (weighted by reference to volume) of the underlying securities. during the five trading days ending on the day before the ex-rights date or ex-entitlements date.
- $S$  = the subscription price for a security under the pro-rata issue.
- $D$  = the dividend due but not yet paid on the existing underlying securities (except those to be issued under the pro-rata issue).
- $N$  = the number of securities with rights or entitlements that must be held to receive a rights to one new security.

12. In the case of a bonus issue the number of Shares over which the Consultant Options are exercisable shall be increased by the number of Shares which the option holder would have received if the Option had been exercised

before the record date for the bonus issue. The Company shall notify the ASX of the adjustments in accordance with the Listing Rules.

13. In the event of any reconstruction (including consolidation, subdivisions, reduction or return) of the authorised or issued capital of the Company, the number of the Consultant Options or the exercise price of the Options or both shall be reconstructed (as appropriate) in accordance with the Listing Rules of ASX.
14. The Consultant Options will not give any right to participate in dividends or in new issues of capital offered to shareholders during the currency of the Consultant Options until Shares are allotted pursuant to the exercise of the relevant Consultant Options in accordance with these terms and conditions.

## Annexure B – Employee Share Option Plan

A summary of the key terms and conditions of the Option Plan is set out below:

- (a) **(Eligibility)** Participants in the Option Plan may be:
- (i) a full-time or part-time employee, including an executive director of the Company or any associated bodies corporate of the Company (each a Group Company);
  - (ii) a non-executive director of any Group Company;
  - (iii) a consultant or contractor of a Group Company that has entered into a contract which requires or might reasonably be expected to require the consultant or contractor to provide the pro-rata equivalent of 40% or more of a comparable full-time position with a Group Company:
    - (A) directly in their individual capacity; or
    - (B) through a company where the individual who performs the work under or in relation to the contract is a director of the company or the spouse of a director of that company;
  - (iv) a casual employee of a Group Company where they are, or might reasonably be expected to be, engaged to work the pro-rata equivalent of 40% or more of a comparable full-time position; or
  - (v) a prospective participant, being a person to whom an invitation to participate is made but who can only accept that invitation if an arrangement has been entered into that will result in the person becoming covered by one of paragraphs (i) to (iv) above,
- (Eligible Employee)** who has been invited to participate in the Option Plan (and their nominee) and who is determined by the Board to be a 'participant' for the purposes of the Plan **(Participant)**.
- (b) **(Invitation and acceptance)** The Board at its sole discretion may invite any Eligible Employee selected by it to apply for a specified number of Options allocated to that Eligible Employee by the Board. Eligible Employees may nominate for their Options to be granted to a nominee (provided that the disclosure relief in section 708(12) of the Corporations Act would extend to that nominee).
- (c) **(Grant of Options)** Unless otherwise determined by the Board, Options are non-transferable and no payment is required for the grant of Options under the Option Plan. The Company has no obligation to apply for quotation of the Options on the ASX.
- (d) **(Exercise Conditions):** An Option may be made subject to conditions determined by the Board that are required to be satisfied before the Option can be exercised **(Exercise Conditions)** and as specified in the invitation for the Options.
- (e) **(Exercise):** An Option granted under the Option Plan may only be exercised:
- (vi) if all the Exercise Conditions have been met;
  - (vii) if the exercise price has been paid to the Company or as the Company may direct; and
  - (viii) within the exercise period relating to the Option as determined by the Board and specified in the invitation for the Options **(Exercise Period)**.

Subject to the Shares of the Company being quoted on the ASX, a Participant may elect to pay the exercise price by setting-off the exercise price against the number of Shares which the Participant is entitled to receive on the exercise of the Participant's Options **(Cashless Exercise Facility)**. By using the Cashless Exercise Facility, the Participant will receive the Shares to the value of the surplus after the exercise price has been set-off. If the difference between the exercise price otherwise payable for the Options and the then market value of the Shares at the time of exercise is zero or negative, then the Participant will not be entitled to use the Cashless Exercise Facility.

An Option granted under the Option Plan may not be exercised once it has lapsed.

Despite the preceding:

- (ix) an Option may be exercised, whether or not any or all applicable Exercise Conditions have been met, on the occurrence of a Total Control Event; and



- (x) the Board may determine that an Option may be exercised, whether or not any or all applicable Exercise Conditions have been met, on the occurrence of a Control Event.
- (f) **(Shares rank equally):** Subject to the satisfaction of any applicable Disposal Restrictions, Shares allotted and issued under the Option Plan must rank equally in all respects with all other Shares from the date of allotment and issue.
- (g) **(Disposal Restrictions):** An Option may be made subject to restrictions determined by the Board that are required to be satisfied before a Share acquired as a result of the exercise of the Option by the Participant can be sold, transferred or otherwise dealt with by a Participant (**Disposal Restrictions**) and as specified in the invitation for the Options.
- (h) **(Plan limit):** The Company must, at the time of inviting an Eligible Employee to participate in the Option Plan, have reasonable grounds to believe that the Shares that have been or may be issued in any of the circumstances covered by paragraphs (i) and (ii) below will not exceed 5% of the total number of Shares on issue:
  - (i) Shares that may be issued under the invitation or offer to participate; and
  - (ii) Shares issued or that may be issued as a result of invitations or offers to participants made at any time during the previous 3 year period under:
    - (A) an employee incentive scheme or like scheme of the Company where offers were made in reliance on ASIC Class Order 14/1000 or an individual instrument made by ASIC in terms similar to that class order; or
    - (B) an employee incentive scheme or employee share scheme of the Company where the offers were covered by ASIC Class Order CO 03/184 or an individual instrument made by ASIC in terms similar to that class order.
- (i) **(Lapse of an Option):** Options will lapse as follows:
  - (i) if a Participant ceases to be appointed as director or employed by any Group Company due to his or her resignation, dismissal for cause or poor performance or in any other circumstances determined by the Board, all Options granted to that Participant will lapse as at the date of cessation unless the Board determines otherwise;
  - (ii) if the Board, in its absolute discretion determines that paragraph (i) will not apply to a Participant:
    - (A) all Options granted to that Participant as at the date of cessation which are Vested Options may be exercised by that Participant on the earlier of the expiry date of the Vested Options and the 90 day period following the date of cessation of appointment or employment (and the Exercise Period is amended accordingly), after which those Vested Options will lapse; and
    - (B) in respect of all other Options granted to that Participant the Board may:
      - (I) accelerate the vesting of the Participant's Options, subject to any Corporations Act and Listing Rules requirements; and/or
      - (II) pro rata the Participant's Options at cessation to reflect the portion of the vesting period for which the Participant has been employed,

such Options may be exercised by that Participant on the earlier of the end of the original Exercise Period for the Options and the 90 day period following the date of cessation of appointment or employment (and the Exercise Period is amended accordingly), after which those Options will lapse;
  - (iii) on the passing of a resolution for voluntary winding up, or the making of an order for the compulsory winding up of the Company, all unexercised Options will lapse;
  - (iv) if, in the opinion of the Board, a Participant (or, where a Participant is a person nominated by an Eligible Employee, the persons who nominated the Participant) has acted fraudulently or dishonestly, the Board may determine that any Option granted to that Participant should lapse, and the Option will lapse accordingly;
  - (v) unless the Board determines otherwise, an Option will lapse on the occurrence of a condition determined by the Board that will result in the Option lapsing if satisfied (**Forfeiture Condition**) as specified in the invitation for the Options; and

- (vi) if an Option has not lapsed earlier in accordance with this paragraph (i), it will lapse at the end of the Exercise Period.
- (j) **(Reconstruction)**: In the event of any reconstruction (including consolidation, subdivision, reduction, capital return, buy back or cancellation) of the share capital of the Company, the number of Options to which each Participant is entitled and/or the exercise price of those Options must be reconstructed in accordance with the Listing Rules. Options must be reconstructed in a manner which will not result in any additional benefits being conferred on Participants which are not conferred on other shareholders of the Company.
- (k) **(Participation in new issues)**: Subject to the Listing Rules, a Participant is only entitled to participate (in respect of Options granted under the Option Plan) in a new issue of Shares to existing Shareholders generally if the Participant has validly exercised his or her Options within the relevant Exercise Period and become a Shareholder prior to the relevant record date, and is then only entitled to participate in relation to Shares of which the Participant is the registered holder.
- (l) **(Rights issues)**: Subject to the Listing Rules, if there is a pro rata issue (except a bonus issue) to the holders of Shares, the exercise price of an Option will be reduced according to the following formula:

$$O' = O - \frac{E[P - (S + D)]}{N+1}$$

where:

- O' = the exercise price immediately following the adjustment;
- O = the exercise price immediately prior to the adjustment;
- E = the number of Shares into which one Option is exercisable;
- P = the average market price per Share (weighted by reference to volume) during the 5 trading days ending on the day before the ex rights date or ex entitlements date;
- S = the subscription price for a Share under the pro rata issue;
- D = any dividend due but not yet paid on a Share (except any Share to be issued under the pro rata issue); and
- N = the number of Shares with rights or entitlements that must be held to receive a right to one new Share.
- (m) **(Bonus issues)**: Subject to the Listing Rules, if there is a bonus issue to the holders of Shares, the number of Shares over which an Option is exercisable will be increased by the number of Shares which the holder of the Option would have received if the Option had been exercised before the record date for the bonus issue.
- (n) **(Amendment)**: Subject to the Listing Rules, the Option Plan rule may be amended or supplemented by resolution of the Board. Unless the resolution of the Board expressly states otherwise, any amendment or supplement to Option Plan rules will not apply to any Options granted under the Option Plan which have not yet been exercised.
- (o) **(Overseas Eligible Employees)**: If the Board, in its discretion, grants Options to Eligible Employees who are resident outside of Australia, the Company may make regulations for the operation of the Plan (which are not inconsistent with the Plan) to apply to those overseas Eligible Employees.
- (p) **(Definitions)**: Capitalised terms used above are defined in the Option Plan, including:

**Control** of an entity means having the right:

- (i) to vote 50% (or more) of the votes that can be cast on the election or removal of the entity's directors;
- (ii) to appoint or remove directors who possess 50% (or more) of the votes exercisable by all directors of the entity; or
- (iii) to 50% (or more) of the profits or distributions of the entity or of its net liquidation proceeds.

For this definition, if the entity does not have a board of directors, 'director' means a member of the entity's governing body with a role similar to a board of directors.

**Control Event** means any of the following:

- (i) any event that occurs which causes a change in Control of the Company; or
- (ii) any other event which the Board reasonably considers should be regarded as a Control Event; and
- (iii) which does not constitute a Total Control Event.

**Total Control** of an entity means where a person owns the whole of the issued ordinary share capital of the Company.

**Total Control Event** means where an offer is made by a person for the whole of the issued ordinary share capital of the Company (or any part as is not at the time owned by the offeror or any person acting in concert with the offeror) and after announcement of the offer the offeror (being a person who did not Control the Company prior to the offer) acquires Total Control of the Company.

**Vested Option** means an Option in respect of which all Exercise Conditions have been met or which are otherwise exercisable (including as contemplated by paragraph (e) above).

## Annexure C - Valuation of Director Options

The Company has valued the Director Options proposed to be issued to the Directors pursuant to Resolutions 8 to 10 using the Binomial Option valuation methodology. The valuation of an option using the Binomial Option valuation methodology is a function of a number of variables.

The valuation of the Director Options has been prepared using the following assumptions:

Variable	Input
Share price	\$0.036
Exercise price	\$0.054
Risk free interest rate	0.22%
Volatility	130%
Time (years to expiry)	3 years

For the purposes of calculating the value of each Director Option, the Company has:

- (a) assumed the Share price is \$0.036, which was the closing price of Shares on ASX on 28 September 2021, being the date of valuation of the Director Options;
- (b) assumed the exercise price is \$0.054, being the price equal to a 50% premium to the closing price of Shares on ASX on 28 September, being the date of valuation of the Director Options;
- (c) used a risk free interest rate of 0.22% (estimated based on the 3-year Australian treasury bond rate as at the date of valuation of the Director Options);
- (d) used a volatility of the Share price of 130% based on the mid-point of the one, two, three and five year historic volatility for the Company; and
- (e) assumed that the Director Options are issued on 1 October 2021.

Based on the above, the Company has calculated an indicative value of one Director Option to be \$0.024628. Accordingly, an indicative value of all Director Options proposed to be issued pursuant to Resolutions 8 to 10 is \$443,304, comprising:

Director	Indicative value of Director Options
Mr Trevor Benson	\$123,140
Mr Tim Harrison	\$246,280
Mr Max McGarvie	\$73,884

Any change in the variables applied in the Binomial Model calculation between the date of the valuation (28 September 2021) and the date the Director Options are granted would have an impact on their value.

## Annexure D - Terms and Conditions of Performance Rights

1. Each Performance Right entitles the holder (**Holder**) to subscribe for one (1) fully paid ordinary share in the capital of the Company (**Share**) upon satisfaction of the Vesting Condition (defined below).
2. The Company must give written notice to the Holder promptly following satisfaction of a Vesting Condition (defined below) or lapse of a Performance Right where the Vesting Condition is not satisfied.
3. Vesting and Conversion of the Performance Rights:
  - a. The Performance Rights will vest on satisfaction of the relevant Vesting Conditions attaching to the grant of the Performance Rights
  - b. If the Vesting Condition is not deemed to have been satisfied by 30 September 2022, then the Performance Rights will automatically lapse.
  - c. The Company must issue the Shares on conversion of Performance Rights within five (5) Business Days following the conversion or such other period required by the Listing Rules.
  - d. The Company will issue the Holder with a new holding statement for any Share issued upon conversion of a Performance Right within ten (10) Business Days following the issue of the Share.
  - e. The Share into which a Performance Right may convert will rank pari passu in all respects with existing Shares.
4. A Performance Right does not entitle the Holder to vote on any resolutions proposed by the Company except as otherwise required by law.
5. A Performance Right does not entitle the Holder to any dividends.
6. A Performance Right does not entitle the Holder to a return of capital, whether in a winding up, upon a reduction of capital or otherwise.
7. A Performance Right does not entitle the Holder to participate in the surplus profits or assets of the Company upon winding up.
8. A Performance Right is not transferable.
9. If at any time the issued capital of the Company is reconstructed, all rights of a Holder will be changed in a manner consistent with the applicable Listing Rules and Corporations Act at the time of reorganisation.
10. The Performance Rights will not be quoted on ASX. However, the Company must apply for the official quotation of a Share issued on conversion of a Performance Right on ASX within the time period required by the Listing Rules.
11. A Performance Right does not entitle a Holder (in its capacity as a holder of a Performance Right) to participate in new issues of capital offered to holders of Shares such as bonus issues and entitlement issues.
12. Notwithstanding that the Milestone may not have been satisfied, where a Change of Control Event occurs, the Milestone is deemed to have been satisfied and the Performance Rights shall convert immediately.

For the purpose of this clause, a **Change of Control** means in relation to a body corporate, the occurrence of an event or circumstance where a person who is not presently able to do any of the following things becomes able to do one of the following things (whether alone or together with any associates (as defined in section 11 of the Corporations Act) and whether directly or indirectly or through one or more intervening persons, companies or trusts):

- a. control the composition of more than one half of the Company's board of directors;
  - b. be in a position to cast, or control the casting of, more than one half of the maximum number of votes that might be cast at a general meeting of the members of the Company or its ultimate holding company; or
  - c. hold or have a beneficial interest in more than one half of the issued share capital of the body or its ultimate holding company;
13. A Performance Right gives the Holders no rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.

## Annexure E - Valuation of Performance Rights

### Performance Rights to Tim Harrison

The Company has valued the Performance Rights proposed to be issued pursuant to Resolution 11 using the Monte Carlo Valuation approach as at 25 September 2021. The valuation of an option using the Monte Carlo Approach incorporates the probability of meeting the relevant performance conditions using a function of a number of variables.

The valuation of the Performance Rights to be issued pursuant to Resolution 11 has been prepared using the following assumptions:

Variable	Tranche A Input	Tranche B Input	Tranche C Input
Share price	\$0.036	\$0.036	\$0.036
Share price target	\$0.06	\$0.08	\$0.10
Risk free interest rate	0.22%	0.22%	0.22%
Volatility	130%	130%	130%
Time (years to expiry)	3 years	3 years	3 years

For the purposes of calculating the value of each Performance Right, the Company has:

- (f) assumed the Share price is \$0.036, which was the closing price of Shares on ASX on 25 September, being the date of valuation of the Performance Rights;
- (g) used a risk free interest rate of 0.22% (estimated based on the 3-year Australian treasury bond rate as at the date of valuation of the Performance Rights);
- (h) used a volatility of the Share price of 13% based on the mid-point of the one, two, three and five year historic volatility for the Company; and
- (i) assumed that the Performance Rights are issued on 25 September 2021.

Based on the above, the Company has calculated an indicative value of one Performance Right to be \$0.008 for Tranche A, \$0.004 for Tranche B and \$0.002 for Tranche C. Accordingly, an indicative value of all Performance Rights proposed to be issued pursuant to Resolutions 11 is \$46,400.

Any change in the variables applied in the Binomial Model calculation between the date of the valuation, being 25 September 2021, and the date the Performance Rights are granted would have an impact on their value.

### Performance Rights to Jill Kelley

The Company has valued the Performance Rights proposed to be issued pursuant to Resolutions 12 using the Black-Scholes Model as at 25 September 2021. The valuation of an option using the Black-Scholes Model is a function of a number of variables.

The valuation of the Performance Rights has been prepared using the following assumptions:

Variable	Input
Share price	\$0.036
Risk free interest rate	0.22%
Volatility	130%
Time (years to expiry)	3.0 years

For the purposes of calculating the value of each Performance Right, the Company has:

- (j) assumed the Share price is \$0.036, which was the closing price of Shares on ASX on 25 September, being the date of valuation of the Performance Rights;
- (k) used a risk free interest rate of 0.22% (estimated based on the 3-year Australian treasury bond rate as at the date of valuation of the Performance Rights);
- (l) used a volatility of the Share price of 13% based on the mid-point of the one, two, three and five year historic volatility for the Company; and
- (m) assumed that the Performance Rights are issued on 25 September 2021.

Based on the above, the Company has calculated an indicative value of one Performance Right to be \$0.036. Accordingly, an indicative value of all Performance Rights proposed to be issued pursuant to Resolutions 12 is \$126,000.

Any change in the variables applied in the Black-Scholes Model calculation between the date of the valuation, being 25 September 2021, and the date the Performance Rights are granted would have an impact on their value.