

# ATLAS

## PEARLS

ABN 32 009 220 053

### NOTICE OF GENERAL MEETING, EXPLANATORY STATEMENT AND PROXY FORM

**Date of Meeting:** Friday, 29 April 2022

**Time of Meeting:** 10.00am (WST)

**Place of Meeting:** Virtually at <https://meetnow.global/M7FJZG5>

This Notice of General Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of General Meeting please do not hesitate to contact the Company Secretary on +61 8 9284 4249.

# ATLAS PEARLS LTD

ABN 32 009 220 053

## NOTICE OF GENERAL MEETING

Notice is hereby given that a General Meeting of the Shareholders of Atlas Pearls Ltd (“Atlas Pearls” or “the Company”) will be held as follows:

**TIME:** 10.00am (WST)

**DATE:** Friday, 29 April 2022

**LOCATION:** Virtually at <https://meetnow.global/M7FJZG5>

**This Notice of General Meeting should be read in its entirety.**

**If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers without delay.**

**If you wish to discuss any aspects of this document with the Company, please contact the Company Secretary on +61 8 9284 4249.**

Words and phrases used in the Resolutions are defined in Schedule 1 of the accompanying Explanatory Statement and these words and phrases have the same meaning in this Notice of General Meeting as defined in the Explanatory Statement.

### AGENDA

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#### ORDINARY BUSINESS

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##### RESOLUTION 1 – APPROVAL OF EMPLOYEE SHARE AND INCENTIVE 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(b)), sections 259B(2) and 260C(4) of the Corporations Act and for all other purposes, approval is given in respect of the Company’s Employee Share and Incentive Plan to enable the Company to issue up to a maximum of 21,000,000 Securities over the three years following Shareholder approval of the plan, on the terms and conditions set out in the Explanatory Statement.”*

##### Voting Exclusion Statement:

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

- (a) any person who is eligible to participate in the Employee Share and Incentive Plan; or
- (b) an Associate of that person or those persons.

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

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

**Voting Prohibition Statement:**

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

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

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

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

**RESOLUTION 2 – APPROVAL OF ISSUE OF OPTIONS TO MR GEOFF NEWMAN**

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

*“That, for the purposes of Listing Rule 10.14, sections 200B and 200E of the Corporations Act 2001 (Cth) and for all other purposes, approval is given for the Company to issue 2,552,392 Options to the Company’s Executive Chairman and Director, Mr Geoff Newman (or his nominee), under the Company’s Employee Share and Incentive Plan, on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion Statement:**

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

- (a) a person referred to in Listing Rule 10.14.1, 10.14.2 or 10.14.3 (or their nominee) who is eligible to participate in the employee incentive scheme in question; or
- (b) an Associate of that person or those persons.

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

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

**Voting Prohibition Statement:**

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

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

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

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this resolution; or
- (b) the voter is the Chair and the appointment of the Chair as proxy:
  - (i) does not specify the way the proxy is to vote on this Resolution; and

- (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connect directly or indirectly with the remuneration of a member of the Key Management Personnel.

### **RESOLUTION 3 – APPROVAL OF INCREASE TO NON-EXECUTIVE DIRECTORS’ FEES**

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

*“That, for the purposes of Listing Rule 10.17, rule 10.9 of the Constitution and for all other purposes, approval is given to increase the maximum total aggregate remuneration payable to non-executive Directors from \$350,000 per annum to \$500,000 per annum, on the terms and condition set out in the Explanatory Statement.”*

#### **Voting Exclusion Statement:**

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

- (a) a Director of the Company; or
- (b) an Associate of that person or those persons.

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

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

#### **Voting Prohibition Statement:**

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

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

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

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

#### **Questions and Comments**

The Chair will allow a reasonable opportunity for Shareholders to ask questions during the Meeting.

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Dated this 28 March 2022

By order of the Board of Directors



Susan Park  
Company Secretary

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## IMPORTANT INFORMATION

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### EXPLANATORY STATEMENT

Shareholders are referred to the Explanatory Statement accompanying and forming part of this Notice of General Meeting for further explanation of the Resolutions.

### PROXIES

Members are encouraged to attend the meeting, but if you are unable to attend the meeting, we encourage you to complete and return the enclosed Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

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

To be effective, a Proxy Form and, if the Proxy Form is signed by the shareholder's attorney, the authority under which the appointment is signed (or a certified copy of that authority) must be received by the Company not later than 48 hours before the time specified for the commencement of the General Meeting.

**In respect of Resolutions 1, 2 and 3, if you appoint the Chair as your proxy (or the Chair becomes your proxy by default), but you do not give directions on how to vote in relation to the resolution, you will be authorising the Chair to vote in accordance with his stated voting intention which is to vote in favour of Resolutions 1, 2 and 3 subject to any voting prohibitions that may apply.**

### CORPORATE REPRESENTATIVES

A body corporate that is a Shareholder, or which has been appointed as proxy, may appoint an individual to act as its representative at the General Meeting. The appointment must comply with the requirements of section 250D of the Corporations Act. The representative should bring to the meeting evidence of his or her appointment, including any authority under which it is signed, unless it has previously been given to the Company.

### DATE FOR DETERMINING HOLDERS OF SHARES

In accordance with Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth), the Directors have set a date to determine the identity of those entitled to attend and vote at the General Meeting. For the purposes of determining voting entitlements at the General Meeting, Shares will be taken to be held by the persons who are registered as holding at 4.00pm (WST) on 27 April 2022. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the General Meeting.

### PARTICIPATING IN THE VIRTUAL MEETING

Shareholders can attend, vote, ask questions and make comments at the Meeting from their computer or mobile device, by entering the following URL address in your web browser:  
<https://meetnow.global/M7FJZG5>

The online Meeting platform will allow shareholders to hear from the Chairman, vote and ask questions (in writing or verbally) in real-time.

**Important information:** To participate and vote online you will need your shareholder number (HIN or SRN, as applicable) and postcode. To participate online, shareholders should register at least 15 minutes before the meeting.

Proxy holders will need their log in details which can be obtained from Computershare on telephone number +61 3 9415 4024 prior to the meeting.

A guide on how to use the online AGM platform can be found at:  
[www.computershare.com.au/virtualmeetingguide](http://www.computershare.com.au/virtualmeetingguide)

**Technical difficulties:** Technical difficulties may arise during the course of the virtual meeting. The Chairman has discretion as to whether and how the meeting should proceed in the event that a technical difficulty arises. In exercising this discretion, the Chairman will have regard to the number of shareholders

impacted and the extent to which participation in the business of the meeting is affected. Where the Chairman considers it appropriate, the Chairman may continue to hold the meeting and transact business, including conducting a poll and voting in accordance with valid proxy instructions.

For this reason, shareholders are encouraged to appoint a proxy and submit a directed proxy vote, even if they plan to attend the virtual meeting. Similarly, if a shareholder is unable to participate in the virtual meeting, they are encouraged to appoint a proxy and submit a directed proxy vote via [www.investorvote.com.au](http://www.investorvote.com.au). All proxy votes, whether submitted online or in hard copy must be lodged by **10.00am (WST) on Wednesday, 27 April 2022**.

# ATLAS PEARLS LTD

ABN 32 009 220 053

## EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to assist Shareholders with their consideration of the Resolutions proposed for the General Meeting of the Company to be held virtually at 10.00am (WST) on Friday, 29 April 2022.

The purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions. Terms and abbreviations used in this Explanatory Statement are defined in the Glossary at Schedule 1.

### 1. RESOLUTION 1 – APPROVAL OF EMPLOYEE SHARE AND INCENTIVE PLAN

#### 1.1. Background

The Company is seeking to replace its existing employee share and option plan (**2018 Plan**) with a new Employee Share and Incentive Plan (**2022 Plan**) for the benefit of its employees and contractors and in order to provide increased flexibility with the Company's future capital management initiatives. Resolution 1 seeks Shareholder approval for the 2022 Plan and also for the issue of Securities pursuant to the 2022 Plan for a period of three years.

The 2018 Plan adopted at the Company's AGM on 20 November 2018 only allowed for the issue of Shares and Options to eligible employees and contractors. The 2022 Plan provides, amongst other things, that the Company may issue Shares, Options and/or Performance Rights. This provides the Company with more flexibility in with regard to what incentives grant different groups of employees and contractors.

The objective of the 2022 Plan is to provide participants with a long term incentive aimed at creating a stronger link between performance and reward, while increasing Shareholder value in the Company.

#### 1.2. Listing Rule 7.1

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(b)) sets out an exception to Listing Rule 7.1 which provides that issues under an employee incentive scheme are exempt for a period of three 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 1 is passed, the Company will be able to grant Securities under the 2022 Plan to eligible participants over a period of three years after the meeting, and to issue Shares to those employees if they achieve the performance and vesting criteria of those Securities, without using the Company's 15% annual placement capacity.

If Resolution 1 is not passed, the Company may still issue Securities under the 2022 Plan, but any issue of Securities will reduce, to that extent, the Company's capacity to issue securities without Shareholder approval under Listing Rule 7.1 for the 12 month period following the issue of the Securities.

Any future issues of Securities under the 2022 Plan to a related party or a person whose relation with the Company or the related party is, in ASX's opinion, such that Shareholder approval should be obtained, will require additional Shareholder approval under Listing Rule 10.14 at the relevant time.

#### 1.3. Technical Information required by Listing Rule 7.2 (Exception 13(b))

- A summary of the terms of the 2022 Plan is provided in Schedule 2 to this Explanatory Statement. A copy of the 2022 Plan will be made available free of charge to any Shareholder on request.
- No Securities have been issued under the 2022 Plan as at the date of this Notice.
- The maximum number of Securities proposed to be issued under the 2022 Plan over the three years following Shareholder approval of the plan is 21,000,000 Securities (representing approximately 5% of the Company's fully diluted Share capital as at the date of this Notice). This maximum is not intended to be a prediction of the actual number of securities to be issued under the 2022 Plan but is specified for the purposes of setting a ceiling on the number of Securities approved to be issued for the purposes of Listing Rule 7.2 (Exception 13(b)).
- A voting exclusion statement for Resolution 1 is included in the Notice.

#### **1.4. Sections 259B and 260C of the Corporations Act**

The terms of the 2022 Plan allow the Company to make a loan or pay a cash bonus to an eligible participant in connection with an offer of securities under the 2022 Plan. Any loan provided by the Company may be secured against the securities issued under the 2022 Plan.

Section 259B(1) of the Corporations Act prohibits a company from taking a security over shares in itself except as permitted by that section. Section 259B(2) of the Corporations Act allows a company to take security over shares in itself under an employee share scheme that has been approved by a resolution passed at a general meeting of the company.

Section 260A of the Corporations Act prohibits a company from financially assisting a person to acquire shares (or units of shares) in the company except in certain prescribed. Section 260C(4) of the Corporations Act provides that financial assistance is exempted from section 260A if it is given under an employee share scheme that has been approved by a resolution passed at a general meeting of the company.

Resolution 1 proposes that Shareholders consider and approve the 2022 Plan for the purposes of both sections 259B(2) and 260C(4) of the Corporations Act.

#### **1.5. Directors' recommendation**

Each of the Directors recommend that Shareholders vote in favour of Resolution 1.

## **2. RESOLUTION 2 – APPROVAL OF ISSUE OF OPTIONS TO MR GEOFF NEWMAN**

### **2.1. Background**

The Company has agreed, subject to Shareholder approval, to issue 2,552,392 Options (**Director Options**) to Executive Chairman Mr Geoff Newman (or his nominee) pursuant to the 2022 Plan and on the terms and conditions set out below.

Listing Rule 10.14 provides that an entity must not permit any of the following persons to acquire equity securities under an employee incentive scheme without the approval of the holders of its ordinary securities:

- a director of the entity (Listing Rule 10.14.1);
- an Associate of a director of the entity (Listing Rule 10.14.2); or
- a person whose relationship with the entity or a person referred to in Listing Rules 10.14.1 to 10.14.2 is such that, in ASX's opinion, the acquisition should be approved by security holders (Listing Rule 10.14.3).

The issue of the Director Options to Mr Geoff Newman falls within Listing Rule 10.14.1 because Mr Geoff Newman is a Director, and therefore requires the approval of Shareholders under Listing Rule 10.14.

Accordingly, Resolution 2 seeks the required Shareholder approval for the issue of the Director Options under and for the purposes of Listing Rule 10.14.

If Resolution 2 is passed, the Company will be able to proceed with the issue of the Director Options to Mr Geoff Newman under the 2022 Plan within three years after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules). Each Director Option will entitle Mr Geoff Newman to one fully paid ordinary share in the Company on exercise.

In addition to the above, as approval is not required under Listing Rule 7.1 for the issue of the Directors Options (because approval is being sought and if approved will be obtained under Listing Rule 10.14), the issue of the Director Options will not use up any of the Company's 15% placement capacity under Listing Rule 7.1.

If Resolution 2 is not passed, the Company will not be able to proceed with the issue of the Director Options to Mr Geoff Newman under the 2022 Plan and will be required to consider other forms of remuneration for Mr Geoff Newman.

### **2.2. Corporations Act – sections 200B and 200E**

Part 2D.2 of the Corporations Act restricts the benefits that can be given to persons who hold a "managerial or executive office" (as defined in the Corporations Act) on cessation of their employment with the Company or any of its related bodies corporate. Under section 200B of the Corporations Act, a company may only give a person a "benefit" (as defined in the Corporations Act) in connection with them ceasing to hold a managerial or executive office if the benefit is approved by shareholders under section 200E of the Corporation Act, or an exception applies.

Under the terms of the 2022 Plan, the Board has discretion to determine that a proportion of a participant's



Incentives will not lapse on cessation of their employment with the Company. The exercise of this discretion by the Board may constitute a “benefit” for the purposes of section 200B of the Corporations Act. Accordingly, Resolution 2 also seeks approval for the purposes of sections 200B and 200E of the Corporations Act, for any “benefit” that may be provided to Mr Geoff Newman in connection with an exercise of discretion by the Board under the 2022 Plan.

The value of the termination benefits that the Board may give under the 2022 Plan cannot be determined in advance. This is because various matters will, or are likely to, affect the value depending on the circumstances existing at the time the employment ceases. For example, the value of a particular benefit will depend on the Share price at the time of vesting and the number of rights that will vest. The following additional factors may also affect the value of the benefit:

- the reasons for the cessation of employment;
- the number of Options held by Mr Geoff Newman at the time he ceases employment;
- the number of Options that lapse on cessation of employment.

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

Chapter 2E of the Corporations Act requires that, 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:

- obtain the approval of the public company’s members in the manner set out in sections 217 to 227 of the Corporations Act; and
- give the benefit within 15 months following such approval,

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

The issue of the Director Options to Mr Geoff Newman constitutes giving a financial benefit and Mr Geoff Newman is a related party of the Company for the purposes of the Corporations Act by virtue of being a Director.

However, the Board (excluding Mr Geoff Newman) has determined that the proposed issue of the Director Options the subject of Resolution 2 constitutes reasonable remuneration having regard to the respective position of the Company and Mr Geoff Newman, including the duties and responsibilities of Geoff Newman in relation to the Company.

Accordingly, the Board (excluding Mr Geoff Newman) has determined that the issue of the Director Options to Mr Geoff Newman falls within an exception to the need to obtain the approval of the Company’s Shareholders for the purposes of Chapter 2E of the Corporations Act.

### **2.4. Technical Information required by Listing Rule 10.15**

- Name of the person  
The Director Options will be issued to Mr Geoff Newman (or his nominee).
- Category the person falls within  
Mr Geoff Newman falls within Listing Rule 10.14.1 by virtue of being a Director.
- Number and class of securities proposed to be issued  
The maximum number of and class of securities to be issued to Mr Geoff Newman (or his nominee) is 2,552,392 unlisted Options under the 2022 Plan.
- Current total remuneration packages  
Mr Geoff Newman’s total remuneration package for the 2021 financial year comprises:
  - a base salary of \$120,000 per annum inclusive of superannuation for three days per week, which was increased to \$144,000 per annum (plus superannuation) with effect from 1 February 2022;
  - Chairman fees of \$78,000 per annum including superannuation, which was increased to \$90,000 per annum (plus superannuation) with effect from 1 February 2022;
  - a short term incentive, being an invitation to participate in the Company’s Salaried Employee Bonus Scheme; and

- the long term incentive (ie the Director Options) the subject of this Resolution 2, which will be offered and issued to Mr Geoff Newman if this Resolution 2 is approved by the Shareholders.
- The number of securities previously issued

No securities have been issued to Mr Geoff Newman under the 2022 Plan.

- Material terms of the securities, an explanation of why that type of security is being used and the value attributed to that security

*Summary of material terms*

A summary of the material terms of the Director Options is included in the 2022 Plan (being the plan pursuant to which the Director Options will be issued), as set out in Schedule 2.

The Director Options will vest in three tranches with various exercise prices. A summary is set out in the table below.

Tranche	Vesting percentage	Number of Options vesting	Vesting Date	Exercise Price	Expiry Date
Tranche 1	20%	510,478	On 30 June 2022	125% of the 30 Day VWAP	30 September 2024
Tranche 2	30%	765,718	On 30 June 2023	133.3% of the 30 Day VWAP	30 September 2024
Tranche 3	50%	1,276,196	On 30 June 2024	142.8% of the 30 Day VWAP	30 September 2024

*Explanation of why Options are being used*

The purpose of the issue of the Director Options is to provide a long term incentive component in the remuneration package of Mr Geoff Newman to motivate and reward the performance of Mr Geoff Newman for his role as executive Chairman and Director, and to provide a cost effective way for the Company to remunerate Mr Geoff Newman, which will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to Mr Geoff Newman.

*Value of Options*

The number of Director Options to be issued to Mr Geoff Newman has been determined based upon a consideration of:

- current market standards and/or practices of other ASX listed companies of a similar size and stage of development to the Company;
- the remuneration of Mr Geoff Newman; and
- incentives required to attract and ensure continuity of service and retain the service of Mr Geoff Newman who has appropriate knowledge and expertise, while maintaining the Company's cash reserves.

The Company measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by the market traded share price for Director Options that are bought to account, having regard to the terms and conditions upon which the instruments are granted.

The number of Director Options proposed to be granted pursuant to Resolution 2 was determined using a 30-day volume-weighted average price of Shares in the Company as at 10 February 2022 (which was an amount of \$0.0365 per Share). Accordingly, this implies a value of \$93,162 for those Director Options.

- Date of issue

The Director Options will be issued as soon as practicable following Shareholder approval and in any

event no later than 3 years after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules).

- Issue price

The issue price of the Director Options will be nil. As such, no funds will be raised from the issue of the Director Options.

- Material terms of the scheme

A summary of the material terms and conditions of the 2022 Plan which will govern the Director Options is set out in Schedule 2.

- Loans

No loans are being made to Mr Geoff Newman in connection with the acquisition of the Director Options.

- Required statements

Details of any securities issued under the 2022 Plan will be published in the annual report of the Company relating to the period in which they were issued, along with a statement that approval for the issue was obtained under Listing Rule 10.14.

Any additional persons covered by Listing Rule 10.14 who become entitled to participate in an issue of securities under the 2022 Plan after this Resolution is approved and who were not named in this Explanatory Statement will not participate until approval is obtained under that rule.

- Voting exclusion statement

A voting exclusion statement for Resolution 2 is included in the Notice to this Explanatory Statement.

## 2.5. Additional Information

Although the Board has determined that the Company will not seek approval for the proposed issue of the Director Options to Geoff Newman pursuant to Chapter 2E of the Corporations Act, the Board provides the following additional information in relation to Resolution 2 as a matter of good corporate governance:

- The relevant interest of Mr Geoff Newman in the Company at the date of this Notice is 0.6% (being 2,563,443 Shares).
- The trading history of the Shares on ASX in the 12 months before the date of this Notice is set out below:

	Price	Date
Highest	\$0.058	22 March 2022
Lowest	\$0.013	30 & 31 March 2021 and 6, 8, 9, 14, 15, 16, 19, 22 & 23 April 2021
Last	\$0.053	24 March 2022

- The Directors (other than Mr Geoff Newman) recommend that Shareholders vote in favour of Resolution 2.
- The Company does not consider that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Director Options upon the terms proposed.
- The Board is not aware of any other information that is reasonably required by Shareholders to allow them to decide whether it is in the best interests of the Company to pass Resolution 2.

## 3. RESOLUTION 3 – APPROVAL OF INCREASE TO NON-EXECUTIVE DIRECTORS’ FEES

### 3.1. Background

Under Listing Rule 10.17, the Company must not increase the total aggregate amount of non-executive Directors’ remuneration payable to all of its non-executive Directors without Shareholders approval at a general meeting.

Similarly, rule 10.9 of the Constitution requires that the maximum amount of remuneration payable to the non-executive Directors must be determined by the Shareholders in general meeting, the aggregate sum to be divided among the non-executive directors in the proportion and manner they agree or, in the absence of agreement, among them equally.

The Company thus seeks the approval of Shareholders pursuant to Listing Rule 10.17 and rule 10.9 of the Constitution to increase the total aggregate fixed annual sum of non-executive Directors fees by \$150,000 per annum (from the current amount of \$350,000 per annum to \$500,000 per annum). It is noted that the current aggregate limit of \$350,000 per annum has not been exceeded. Details of non-executive Director fees are outlined in the Company's 2021 Annual Report on page 17.

The maximum aggregate fees available to be paid to non-executive Directors was last increased in 2006. Shareholder approval is now being sought to increase the maximum limit to \$500,000 per annum.

The proposed increase to the non-executive Director fee pool is sought to provide sufficient scope for possible Board expansion, succession planning and ongoing flexibility, and to allow for future adjustments to non-executive Director fees in light of future increased time commitments and workload.

The Board considers that an increase to the maximum aggregate fee pool is appropriate and will enable the Company to retain and attract appropriate candidates to the Board.

If Resolution 3 is passed, the fee pool for non-executive Directors will be increased from \$350,000 to \$500,000 per annum. The effect will be that the Company will have the flexibility to pay its non-executive directors fees of up to an aggregate amount of \$500,000 per annum. This will provide the Board with the flexibility and capacity to offer suitable remuneration to any proposed new non-executive Directors in the future. The Board is of the view that an increase in fees for these purposes is reasonable.

If Resolution 3 is not passed, the Board will not obtain the flexibility it is seeking to provide sufficient scope for possible Board expansion and ongoing flexibility. Accordingly, if Resolution 3 is not passed, the maximum total remuneration payable to non-executive Directors will remain at \$350,000 and the Board will need to reassess its strategy.

### 3.2. Technical Information required by Listing Rule 10.17

- Amount of the increase

The fee increase is \$150,000 per annum (from \$350,000 to \$500,000 per annum).

- Maximum aggregate fees

The maximum aggregate amount of Directors' fees that may be paid to the Company's non-executive Directors will be \$500,000 per annum and includes made by the Company for the benefit of non-executive Directors and any fees superannuation contributions which a non-executive Director agrees to sacrifice for other benefits. It does not include reimbursement of genuine out of pocket expenses or securities issued to a non-executive Director under Listing Rules 10.11 or 10.14 with Shareholder approval.

- Details of previous securities issues to non-executive Directors under Listing Rule 10.11 or 10.14 in the preceding 3 years

In accordance with Listing Rule 10.11, Shareholders approved, at the Company's annual general meeting on 28 October 2020 (**2020 AGM**), the issue of up to 1,089,000,000 convertible rights to Boneyard Investments Pty Ltd (**Boneyard**), which rights will be convertible into Shares (calculated in terms of the formula set out in the notice of meeting of the 2020 AGM (**2020 AGM NOM**)) in the event that the Company defaults under the loan agreement in place between the Company and Boneyard. Further details regarding the terms of the loan between the Company and Boneyard, including grounds for default by the Company and the conversion price of the convertible rights in the event of a default by the Company can be found in the 2020 AGM NOM available on the Company's website at [www.atlaspearls.com.au](http://www.atlaspearls.com.au).

Boneyard is an Associate of Mr Timothy Martin, who is a non-executive Director of the Company.

Other than the issue of convertible rights to Boneyard as approved at the 2020 AGM, the Company has not issued (with shareholder approval under ASX Listing Rules 10.11 or 10.14) securities to a non-executive Director or any Associates or Related Parties of a non-executive Director in the past three years.

- Voting exclusion statement

A voting exclusion statement for Resolution 3 is included in the Notice to this Explanatory Statement.

### **3.3. Board recommendation**

The Board does not make any recommendations to Shareholders in relation to Resolution 3 as a majority of the Board (being non-executive Directors) have an interest in the outcome of Resolution 3. Executive Chairman, Mr Geoff Newman, recommends that Shareholders vote in favour of Resolution 3.

## SCHEDULE 1

### GLOSSARY

<b>30 Day VWAP</b>	means the volume weighted average price of the Company's shares on ASX in the 30 trading days preceding 2 May 2022 (being the date immediately following the date of this Meeting).
<b>Associate</b>	has the meaning set out in sections 11 to 17 of the Corporations Act, except that a reference to "Associate" in relation to a Listing Rule has the meaning given to it in Listing Rule 14.11.
<b>ASX</b>	means ASX Limited (ABN 98 008 624 691), or as the context requires, the financial market operated by it.
<b>Atlas or Atlas Pearls</b>	means Atlas Pearls Ltd (ABN 32 009 220 053).
<b>Board</b>	means the board of Directors of the Company.
<b>Chair or Chairman</b>	means the chair of the General Meeting.
<b>Closely Related Party</b>	of a member of the Key Management Personnel means: (a) a spouse or child of the member; (b) a child of the member's spouse; (c) a dependant of the member or of the member's spouse; (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealings with the Company; or (e) a company the member controls.
<b>Company</b>	means Atlas.
<b>Constitution</b>	means the Company's constitution.
<b>Corporations Act</b>	means the Corporations Act 2001 (Cth).
<b>Director</b>	means a director of the Company.
<b>Plan</b>	means the Employee Share and Incentive Plan the subject of Resolution 1, the terms of which are set out in Schedule 2 of this Explanatory Statement.
<b>Explanatory Statement</b>	means this explanatory statement attached to the Notice of General Meeting.
<b>General Meeting or Meeting</b>	means the general meeting of Shareholders to be held virtually at 10.00am (WST) on Friday, 29 April 2022.
<b>Key Management Personnel</b>	has the same meaning as in Australian accounting standards. Broadly speaking this includes those persons with the authority and responsibility for planning, directing and controlling the activities of the Company (whether directly or indirectly), and includes any Directors.
<b>Listing Rules</b>	means the listing rules of the ASX.
<b>Notice or Notice of General Meeting</b>	means the notice of General Meeting accompanying this Explanatory Statement.
<b>Option</b>	means an option issued or proposed to be issued by the Company under the 2022 Plan.

<b>Performance Right</b>	means a performance right issued or proposed to be issued by the Company under the 2022 Plan.
<b>Proxy Form</b>	means the proxy form enclosed with the Notice of General Meeting.
<b>Related Party</b>	means a party so defined by section 228 of the Corporations Act.
<b>Relevant Interest</b>	has the meaning given in the Corporations Act.
<b>Resolution</b>	means a resolution proposed to be passed at the General Meeting and contained in the Notice of General Meeting.
<b>Section</b>	means a section of the Explanatory Statement.
<b>Securities</b>	means a Share, Option or Performance Right granted under the 2022 Plan.
<b>Share</b>	means a fully paid ordinary share in the capital of the Company.
<b>Shareholder</b>	means a person, corporation or body holding a Share on the register of shareholders.
<b>WST</b>	means Western Standard Time as observed in Perth, Western Australia.

**SCHEDULE 2**  
**SUMMARY OF EMPLOYEE SHARE AND INCENTIVE PLAN**

1. The Plan is to extend to Eligible Persons or Eligible Associate (as the case may be) of the Company or an Associated Body Corporate of the Company as the Board may in its discretion determine.
2. The total number of Securities which may be offered by the Company under the Plan shall not at any time exceed 5% of the Company's total issued Shares when aggregated with the number of Securities issued or that may be issued as a result of offers made at any time during the previous three year period under:
  - (a) the Plan;
  - (b) any other employee incentive scheme covered by ASIC CO 14/1000; or
  - (c) an ASIC exempt arrangement of a similar kind to an employee incentive scheme.
3. The Shares are to be issued at a price determined by the Board.
4. The Incentives are to be issued for no consideration.
5. The exercise price of an Incentive is to be determined by the Board at its sole discretion.
6. The Incentive Period is the period or periods during which any of the Incentives may be exercised, which shall not be less than two years after the issue of the Incentives and lapses, to the extent it has not been exercised, on the earlier of:
  - (a) the expiration of the Incentive Period;
  - (b) a failure to meet the Incentive's Performance Hurdles (if any) in the prescribed period;
  - (c) if an Eligible Person's employment or engagement with the Company or an Associated Body Corporate ceases because of an Uncontrollable Event, the earlier of:
    - (1) the expiry of the Incentive Period; or
    - (2) six months (or such other period as the Board shall, in its absolute discretion, determine) from the date on which the Eligible Person ceased that employment or engagement;
  - (d) if an Eligible Person's employment or engagement with the Company or an Associated Body Corporate ceases because of a Controllable Event:
    - (1) the expiry of the Incentive Period; or
    - (2) three months (or such other period as the Board shall, in its absolute discretion, determine) from the date on which the Eligible Person ceased that employment or engagement; or
  - (e) the Eligible Person ceasing to be employed or engaged by the Company or an Associated Body Corporate of the Company due to fraud, dishonesty or being in material breach of their obligations to the Company or an Associated Body Corporate.
7. Eligibility to participate is determined by the Board. Eligibility is restricted to Eligible Persons (or their Eligible Associates where applicable) of the Company or an Associated Body Corporate of the Company. The Board is entitled to determine:
  - (a) subject to paragraph 2, the total number of Shares and Incentives to be offered in any one year to Eligible Persons or Eligible Associates;
  - (b) the Eligible Persons to whom offers will be made; and



- (c) the terms and conditions of any Shares and Incentives granted, subject to the Plan.
8. In respect of Incentives, Incentiveholders do not participate in dividends or in bonus issues unless the Incentives are exercised.
9. Incentiveholders do not have any right to participate in new issues of securities in the Company made to shareholders generally. The Company will, where required pursuant to the Listing Rules, provide Incentiveholders with notice prior to the books record date (to determine entitlements to any new issue of securities made to shareholders generally) to exercise the Incentives, in accordance with the requirements of the Listing Rules.
10. In the event of a pro rata issue (except a bonus issue) made by the Company during the term of the Incentives the Company may adjust the exercise price for the Incentives in accordance with the formula in the terms of the Plan.
11. The Board has the right to vary the entitlements of Participants to take account of the effect of capital reorganisations, bonus issues or rights issues provided always that in the event of a reorganisation (including consolidation, sub-division, reduction or return) of the issued capital of the Company, the rights of an Incentiveholder will be changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.
12. All Shares allotted under the Plan in respect of the exercise of Incentives will rank equally in all respects with the Shares of the same class for the time being on issue except as regards any rights attaching to such Shares by reference to a record date prior to the date of their allotment.
13. The Plan is separate to and does not in any way form part of, vary or otherwise affect the rights and obligations of an Eligible Person under the terms of his or her employment or arrangement.
14. At any time from the date of an Offer until the acceptance of that Offer, the Board undertakes that it shall provide information as to:
- (a) the Current Market Price of the Shares; or
- (b) where the Issue Price or Exercise Price is to be worked out in the future under a formula, the price where that formula applied at the date of the Offer,

to any Participant within three Business Days of a written request to the Company from that Participant to do so.

15. Any Offer made pursuant to the Plan will specify whether subdivision 83A-C of the applicable Tax Laws applies to that Offer such that any tax payable by a Participant under the Offer will be deferred to the applicable deferred taxing point described in that subdivision.
16. In the Plan:

**ASIC CO 14/1000** means ASIC Class Order [14/1000] as amended or replaced from time to time.

**Associated Body Corporate** in relation to the Company means:

- (a) a Related Body Corporate of the Company;
- (b) a body corporate that has voting power in the Company of not less than 20%; or
- (c) a body corporate in which the Company has voting power of not less than 20%.

**Contractor** in relation to the Company or an Associated Body Corporate means:

- (a) an individual with whom the body has entered into a contract for the provision of services under which the individual performs work for the body; or
- (b) a company with whom the body has entered into a contract for the provision of services under which an individual, who is a director of the company or their spouse, performs work for the body,

where the individual who performs the work under or in relation to the contract is, or might reasonably be expected to be, engaged to work the number of hours that are the pro-rata equivalent of 40% or more of a comparable full-time position with the body.

**Casual Employee** in relation to the Company or an Associated Body Corporate, means an individual who is, or might reasonably be expected to be, engaged to work the number of hours that are the pro rata equivalent of 40% or more of a comparable full-time position with the Company or an Associated Body Corporate.

**Controllable Event** means cessation of employment or engagement other than by an Uncontrollable Event.

**Current Market Price** means the closing market price as that term is defined in the Listing Rules.

**Eligible Associate** means:

- (a) an immediate family member of an Eligible Person;
- (b) a company whose members comprise no persons other than the Eligible Person or immediate family members of the Eligible Person; or
- (c) a corporate trustee of a self-managed superannuation fund (within the meaning of the *Superannuation Industry (Supervision) Act 1993*) where the Eligible Person is a director of the trustee.

**Eligible Person** means a Director, Employee or Contractor of the Company or an Associated Body Corporate of the Company.

**Employee** means a full-time, part-time or casual employee of the Company or an Associated Body Corporate of the Company, including a Casual Employee.

**Exercise Price** means the price to be determined by the Board at its sole discretion to acquire a Share upon exercise of an Incentive. If no determination is made, the applicable Exercise Price is zero.

**Incentive** means a right or option to acquire a Share and the corresponding obligation of the Company to provide the Share, pursuant to a binding contract made by the Company and an Eligible Person in the manner set out in this Plan and the relevant Offer Document.

**Incentive Period** means the period or periods during which any of the Incentives may be exercised, which shall not be less than two years after the issue of the Incentives.

**Offer** means an offer to an Eligible Person to acquire to take up Securities in the Company made pursuant to the Plan.

**Offer Document** is given the meaning attributed to that term in ASIC CO 14/1000.

**Participant** means an Eligible Person or an Eligible Associate who accepts an Offer from the Board to participate in the Plan.

**Performance Hurdle** means one or more criterion, conditions or other requirements which must be satisfied or circumstances which must exist before the relevant Incentives issued under this Plan may be exercised, as determined by the Board.

**Plan** means the Atlas Pearls Ltd Employee Share and Incentive Plan.

**Related Body Corporate** has the meaning given to that term in the Corporations Act.

**Securities** means collectively a Share and an Incentive or any one of them as the context requires and **Security** has a corresponding meaning.

**Tax Laws** means the *Income Tax Assessment Act 1997* (Cth) and the *Income Tax Assessment Act 1936* (Cth).

**Uncontrollable Event** means:

- (a) death, serious injury, disability or illness which renders the Eligible Person incapable of continuing their employment or engagement (or providing the services the subject of the engagement) with the Company or Associated Body Corporate for a period of longer than 6 months;
- (b) forced early retirement, retrenchment or redundancy; or
- (c) such other circumstances which results in an Eligible Person leaving the employment of or ceasing their engagement with the Company or Associated Body Corporate and which the Board determines is an Uncontrollable Event.

# ATLAS

## PEARLS

ABN 32 009 220 053

ATP

MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

### Need assistance?



**Phone:**

1300 850 505 (within Australia)  
+61 3 9415 4000 (outside Australia)



**Online:**

[www.investorcentre.com/contact](http://www.investorcentre.com/contact)



### YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **10:00am (AWST) on Wednesday, 27 April 2022.**

## Proxy Form

### How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

#### APPOINTMENT OF PROXY

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

**A proxy need not be a securityholder of the Company.**

#### SIGNING INSTRUCTIONS FOR POSTAL FORMS

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

**Joint Holding:** Where the holding is in more than one name, all of the securityholders should sign.

**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

#### PARTICIPATING IN THE MEETING

##### Corporate Representative

If a representative of a corporate securityholder or proxy is to participate in the meeting you will need to provide the appropriate "Appointment of Corporate Representative". A form may be obtained from Computershare or online at [www.investorcentre.com/au](http://www.investorcentre.com/au) and select "Printable Forms".

### Lodge your Proxy Form:

**XX**

#### Online:

Lodge your vote online at [www.investorvote.com.au](http://www.investorvote.com.au) using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is



**Control Number: 999999**

**SRN/HIN: I999999999**

**PIN: 99999**

For Intermediary Online subscribers (custodians) go to [www.intermediaryonline.com](http://www.intermediaryonline.com)

#### By Mail:

Computershare Investor Services Pty Limited  
GPO Box 242  
Melbourne VIC 3001  
Australia

#### By Fax:

1800 783 447 within Australia or  
+61 3 9473 2555 outside Australia



**PLEASE NOTE:** For security reasons it is important that you keep your SRN/HIN confidential.

MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

# Proxy Form

Please mark  to indicate your directions

## Step 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Atlas Pearls Ltd hereby appoint

the Chairman of the Meeting OR

**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the General Meeting of Atlas Pearls Ltd to be held as a virtual meeting on Friday, 29 April 2022 at 10:00am (AWST) and at any adjournment or postponement of that meeting.

**Chairman authorised to exercise undirected proxies on remuneration related resolutions:** Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolutions 1, 2 and 3 (except where I/we have indicated a different voting intention in step 2) even though Resolutions 1, 2 and 3 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

**Important Note:** If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolutions 1, 2 and 3 by marking the appropriate box in step 2.

## Step 2 Items of Business

**PLEASE NOTE:** If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		For	Against	Abstain
Resolution 1	Approval of Employee Share and Incentive Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Approval of issue of Options to Mr Geoff Newman	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Approval of increase to Non-Executive Directors' Fees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

## Step 3 Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1  Securityholder 2  Securityholder 3  / /  
Sole Director & Sole Company Secretary Director Director/Company Secretary Date

**Update your communication details** (Optional)

Mobile Number  Email Address  By providing your email address, you consent to receive future Notice of Meeting & Proxy communications electronically

