



EMERALD RESOURCES NL

ACN 009 795 046

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Meeting will be held at:

TIME: 11:00 am (WST)
DATE: Thursday, 24 November 2022
PLACE: 1304 Hay Street
WEST PERTH WA 6005

The business of the Meeting affects your shareholding and your vote is important.

This Notice of 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.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 4:00pm (WST) on Tuesday, 22 November 2022.

BUSINESS OF THE MEETING

AGENDA

1. FINANCIAL STATEMENTS AND REPORTS

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2022 together with the declaration of the Directors, the Director's report, the Remuneration Report and the auditor's report.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **non-binding resolution**:

"That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's annual financial report for the financial year ended 30 June 2022."

Note: The vote on this Resolution is advisory only and does not bind the Directors or the Company.

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.

3. RESOLUTION 2 – ELECTION OF DIRECTOR – MR JAY HUGHES

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

"That, for the purpose of clause 15.4 of the Constitution, Listing Rule 14.4 and for all other purposes, Jay Hughes a Director who was appointed as an additional Director on 13 September 2022, retires, and being eligible, is elected as a Director."

4. RESOLUTION 3 – ELECTION OF DIRECTOR – MR MICHAEL BOWEN

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

"That, for the purpose of clause 15.4 of the Constitution, Listing Rule 14.4 and for all other purposes, Michael Bowen a Director who was appointed as an additional Director on 13 September 2022, retires, and being eligible, is elected as a Director."

5. RESOLUTION 4 – RE-ELECTION OF DIRECTOR – MR ROSS STANLEY

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

"That, for the purpose of clause 15.2 of the Constitution, Listing Rule 14.4 and for all other purposes, Ross Stanley, a Director, retires by rotation, and being eligible, is re-elected as a Director."

6. RESOLUTION 5 – ISSUE OF OPTIONS TO DIRECTOR – MR MICHAEL EVANS

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

"That, for the purposes of Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue 500,000 Options to Michael Evans (or his nominee) under the Incentive Option 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 the Resolution by or on behalf of any person referred to in Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the employee incentive scheme in question (including Mr Evans) or an associate of that person or those persons.

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

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

Voting Prohibition Statement:

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.

However, the above prohibition does not apply if:

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

7. RESOLUTION 6 – INCREASE IN AGGREGATE NON-EXECUTIVE DIRECTOR FEE POOL

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

“That, for the purposes of clause 15.8 of the Constitution, Listing Rule 10.17 and for all other purposes, the maximum total fees payable to non-executive Directors be increased from \$500,000 per annum to \$1,000,000 per annum on the terms and conditions in the Explanatory Statement.”

Voting Exclusion Statement:

The Company will disregard any votes cast in favour of the Resolution by or on behalf of any Directors or any associate of a Director, regardless of the capacity in which the vote is cast; or

As a proxy by a person who is a member of the Company’s Key Management Personnel at the date of the Meeting or their closely related parties.

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

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

Voting Prohibition Statement:

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.

However, the above prohibition does not apply if:

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

Dated: 20 October 2022

By order of the Board

Mark Clements
Company Secretary

Voting by proxy

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

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

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast two (2) or more votes may appoint two (2) proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints two (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.

Shareholders and their proxies should be aware that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Voting in person

To vote in person, Shareholders are able to attend the Meeting at the time, date and place set out above.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 9286 6300.

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

1. FINANCIAL STATEMENTS AND REPORTS

In accordance with the Corporations Act, the business of the Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2022 together with the declaration of the Directors, the Directors' report, the Remuneration Report and the auditor's report.

The Company will not provide a hard copy of the Company's annual financial report to Shareholders unless specifically requested to do so. The Company's annual financial report is available on its website at www.emeraldresources.com.au.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

2.1 General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the company or the directors of the company.

The remuneration report sets out the company's remuneration arrangements for the directors and senior management of the company. The remuneration report is part of the directors' report contained in the annual financial report of the company for a financial year.

The chair of the meeting must allow a reasonable opportunity for its shareholders to ask questions about or make comments on the remuneration report at the annual general meeting.

2.2 Voting consequences

A company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (**Spill Resolution**) if, at consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the company must convene a shareholder meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the directors of the company who were in office when the directors' report (as included in the company's annual financial report for the most recent financial year) was approved, other than the managing director of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as directors of the company is approved will be the directors of the company.

2.3 Previous voting results

At the Company's previous annual general meeting the votes cast for the remuneration report considered at that annual general meeting were 99.86%. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

2.4 Remuneration structure, policy and strategy

The Company has outlined its remuneration structure, policy and strategy in the Remuneration Report contained within the Annual Report for the year ended 30 June 2022.

The Company has taken positive steps to engage with all key stakeholders including meeting with shareholders and liaising with proxy advisors to fully understand the views of stakeholders and has sought to incorporate those views into the development of its remuneration strategy.

Emerald recognises that success cannot be achieved without having a Company built on strong fundamentals, driven by a group of high achieving employees who are committed to the corporate vision and, most importantly, supported by a continuous social licence to operate.

As Emerald looks to the future, we aim to continue to grow and mature towards becoming a multi-project resource producer and employer of choice. To attract and retain competent people for the right roles, the Board has sought to ensure that the remuneration strategy for the executive team and broader staff base is progressive and consistent with the Company objectives and motivates them to grow the Company's long-term shareholder value.

The Company's remuneration principles are set to align with business needs and market practice and implement a clear and consistent remuneration approach for the Company that could grow as development activities increase.

How to Measure the Success of the Philosophy:

The Company measures the success of its remuneration philosophy on;

- (a) The willingness of potential employees to join the Company to be part of a successful project, to be well rewarded and, importantly, to be part of a culture representing an employer of choice;
- (b) Zero or low staff turnover.

In the previous reporting period, the Company engaged with independent remuneration consultants, The Reward Practice to ensure that the remuneration structure, policy and strategy for the executive team and employees were aligned with shareholder expectations and reflect the Company's strategy. The Company also obtained references to other meaningful industry remuneration survey data, as the Company progressed toward its strategic objective of becoming a resource producer.

In FY22, the Company entered an important phase and we believe that the remuneration framework is appropriate and fit-for-purpose based on the Company's development and growth profile and to drive and deliver the outcomes desired by all shareholders.

The Company continues to prioritise the health and wellbeing of staff, contractors and stakeholders by maintaining stringent protocols to limit the impact of the COVID-19 pandemic on site in collaboration with the Cambodian Ministry of Health by successfully completing the full site-wide vaccinating of all Okvau Gold mine site staff.

2.5 Remuneration Outcomes for FY22

Details of the remuneration outcomes for FY22 are summarised in the Remuneration Report contained within the Company's Annual Report for the year ended 30 June 2022 and below.

Executive fixed remuneration

- Fixed remuneration increased in 2022 for the Managing Director and Executive Director ('the Executive') following an external review by an independent remuneration consultant and references to other meaningful industry remuneration survey data.
- For other KMP; the Chief Financial Officer's fixed remuneration increased in 2022 following an external review by an independent remuneration consultant and references to other meaningful industry remuneration survey data.

Executive incentives

Short-term incentives ('STI'):

A new STI framework was established whereby performance measures set for the Executive, KMP and key staff in 2022 were based upon the Company's Critical Pillars and Strategic Pillars. A cash bonus was paid to the development team, including Executive Director, Mr Michael Evans who was critical to the successful commissioning of the Okvau Gold mine.

Long-term incentives ('LTI'):

There were no options issued to directors or other KMP's during the year other than to the Chief Financial Officer, Mr Brett Dunnachie and to the Executive Director, Mr Michael Evans, who has been critical to the success of the construction and commissioning of the Okvau Gold mine. Mr Evans' options were issued following shareholder approval at the Company's annual general meeting held 25 November 2021. Details of these options were included in the Notice of Annual General Meeting announced 15 October 2021. The resolution received more than 99% of 'Yes' votes.

The vesting period of the options has increased to a minimum three year period, subject to continued employment.

Non-executive director remuneration

- The aggregate remuneration pool for Non-Executive Directors' was increased from \$300,000 to \$500,000 following shareholder approval at the Company's Annual General Meeting held 25 November 2021. This represented the first request for an increase in the non-executive Director fee pool for 10 years (since 2011). The fees for Non-executive directors increased following an external review by an independent remuneration consultant and references to other meaningful industry remuneration survey data.

Remuneration Committee

- The composition of the Committee includes only independent non-executive directors.

3. RESOLUTION 2 – ELECTION OF DIRECTOR – MR JAY HUGHES

3.1 General

The Constitution allows the Directors to appoint at any time a person to be a Director either to fill a casual vacancy or as an addition to the existing Directors, but only where the total number of Directors does not at any time exceed the maximum number specified by the Constitution.

Pursuant to the Constitution and Listing Rule 14.4, any Director so appointed holds office only until the next annual general meeting and is then eligible for election by Shareholders

but shall not be taken into account in determining the Directors who are to retire by rotation (if any) at that meeting.

Mr Hughes, having been appointed by other Directors on 13 September 2022 in accordance with the Constitution, will retire in accordance with the Constitution and Listing Rule 14.4 and being eligible, seeks election from Shareholders.

3.2 Qualifications and other material directorships

(a) Biographical details

Mr Hughes started his career on the Perth Stock Exchange trading floor in 1986. In 2000 he was one of the founders of Euroz Limited and he is currently an Executive Director of Euroz Hartleys Group Limited (ASX:EZL) and Non-Executive Chairman of Westoz Funds Management Pty Ltd. He was the Non-Executive Chairman of Westoz Investment Company Limited and Ozgrowth Limited until the successful completion of their takeover schemes in April 2022. He was recognised as an Affiliate of the ASX in December 2000 and was admitted in May 2004 as a Master Practitioner Member (MSAFAA) of the SAFAA. Mr Hughes holds a Graduate Diploma in Applied Finance and Investment from the Financial Services Institute of Australasia (FINSIA).

(b) Other directorships

Mr Hughes is an Executive Director of Euroz Hartleys Group Limited.

3.3 Independence

If elected the Board considers Mr Hughes will be an independent director.

3.4 Other material information

The composition of the Board has been structured so as to provide Emerald with an adequate mix of directors with industry knowledge, technical, commercial and financial skills together with integrity and judgment considered necessary to represent shareholders and fulfill the business objectives of the Company.

The Board skills matrix is an important driver to formalise the Director nomination processes. It was applied for the recent appointment of three independent Non-executive directors. The Board is of the opinion that Mr Hughes has the relevant skills and expertise, including core corporate and industry experience to complement the existing skill sets on the Board.

The Company conducts appropriate checks on the background and experience of candidates before their appointment to the Board. These include checks as to a person's experience, educational qualifications, character, criminal record and bankruptcy history. The Company undertook such checks prior to the appointment of Mr Hughes.

Since becoming a director of the Company, Mr Hughes has joined the Audit Committee and Remuneration Committee and has been appointed Chair of the Remuneration Committee.

Mr Hughes has confirmed that he considers he will have sufficient time to fulfil his responsibilities as a Non-Executive Director of the Company and does not consider that any other commitment will interfere with his availability to perform his duties as a Non-Executive Director of the Company.

3.5 Board recommendation

The Board and executive team have focused on developing the right culture across the organisation, with the right attributes, qualities and sharing a strong belief of the benefits

of our engagement and development in Cambodia for our employees and the Cambodian people in general. The Board has reviewed Mr Hughes performance since his appointment to the Board and considers that he has demonstrated the right attributes and his skills and experience will continue to enhance the Board's ability to perform its role. Accordingly, the Board supports the election of Mr Hughes and recommends that Shareholders vote in favour of Resolution 2.

4. RESOLUTION 3 – ELECTION OF DIRECTOR – MR MICHAEL BOWEN

4.1 General

The Constitution allows the Directors to appoint at any time a person to be a Director either to fill a casual vacancy or as an addition to the existing Directors, but only where the total number of Directors does not at any time exceed the maximum number specified by the Constitution.

Pursuant to the Constitution and Listing Rule 14.4, any Director so appointed holds office only until the next annual general meeting and is then eligible for election by Shareholders but shall not be taken into account in determining the Directors who are to retire by rotation (if any) at that meeting.

Mr Bowen, having been appointed by other Directors on 13 September 2022 in accordance with the Constitution, will retire in accordance with the Constitution and Listing Rule 14.4 and being eligible, seeks election from Shareholders.

4.2 Qualifications and other material directorships

(a) Biographical details

Mr Bowen is a partner of the national law firm Thomson Geer. He practices primarily corporate, commercial and securities law with an emphasis on mergers, acquisitions, capital raisings and resources. Mr Bowen advises both bidders and targets in various hostile and friendly takeovers and advises on schemes of arrangements for reconstructions and mergers and also has extensive experience in negotiating the terms of joint venture arrangements for major projects.

Mr Bowen holds a Bachelor of Laws, Jurisprudence and Commerce from the University of Western Australia. He has been admitted as a barrister and solicitor of the Supreme Court of Western Australia since 1979 and is also admitted as a solicitor of the High Court of Australia. He is a Certified Public Accountant and member of the Australian Society of Accountants. Mr Bowen is also Non-executive Chairman of Lotus Resources Limited (ASX:LOT) and Non-executive director of Genesis Minerals Limited (ASX:GMD) and Omni Bridgeway Limited (ASX:OBL).

(b) Other directorships

Mr Bowen is the Non-Executive Chairman of Lotus Resources Limited and a Non-Executive Director of Genesis Minerals Limited and Omni Bridgeway Limited.

4.3 Independence

If elected the Board considers Mr Bowen will be an independent director.

4.4 Other material information

The composition of the Board has been structured so as to provide Emerald with an adequate mix of directors with industry knowledge, technical, commercial and financial skills together with integrity and judgment considered necessary to represent shareholders and fulfill the business objectives of the Company.

The Board skills matrix is an important driver to formalise the Director nomination processes. It was applied for the recent appointment of three independent Non-executive directors. The Board is of the opinion that Mr Bowen has the relevant skills and expertise, including core corporate and industry experience to complement the existing skill sets on the Board.

The Company conducts appropriate checks on the background and experience of candidates before their appointment to the Board. These include checks as to a person's experience, educational qualifications, character, criminal record and bankruptcy history. The Company undertook such checks prior to the appointment of Mr Bowen.

Since becoming a director of the Company, Mr Bowen has joined the Audit Committee and Remuneration Committee.

Mr Bowen has confirmed that he considers he will have sufficient time to fulfil his responsibilities as a Non-Executive Director of the Company and does not consider that any other commitment will interfere with his availability to perform his duties as a Non-Executive Director of the Company.

4.5 Board recommendation

The Board and executive team have focused on developing the right culture across the organisation, with the right attributes, qualities and sharing a strong belief of the benefits of our engagement and development in Cambodia for our employees and the Cambodian people in general. The Board has reviewed Mr Bowen's performance since his appointment to the Board and considers that he has the right attributes and his skills and experience will continue to enhance the Board's ability to perform its role. Accordingly, the Board supports the election of Mr Bowen and recommends that Shareholders vote in favour of Resolution 3.

5. RESOLUTION 4 – RE-ELECTION OF DIRECTOR – MR ROSS STANLEY

5.1 General

Listing Rule 14.4 and clause 15.2 of the constitution provide that, other than a managing director, a director of an entity must not hold office (without re-election) past the third annual general meeting following the director's appointment or 3 years, whichever is the longer. However, where there is more than one managing director, only one is entitled to be exempt from this rotation requirement.

Ross Stanley, who has served as a Director since 20 August 2014 and was last re-elected on 26 November 2019, retires by rotation and seeks re-election.

5.2 Qualifications and other material directorships

(a) Biographical details

Mr Stanley is a well-respected mining executive with extensive experience both in Australian and African mining enterprises. Mr Stanley was formally the majority shareholder and Managing Director of ASX Listed Stanley Mining Services prior to its merger with Layne Christensen in 1997. Stanley Mining Services was the dominant drill services provider in Ghana in the 1990's. Ross also served as Non-Executive Director of Equigold NL.

(b) Other directorships

Mr Stanley is a Non-Executive Director of Lucapa Diamond Company Limited.

5.3 Independence

If elected the Board considers Mr Ross Stanley will not be an independent director by virtue of his substantial shareholding in the Company.

5.4 Other material information

The composition of the Board has been structured so as to provide Emerald with an adequate mix of directors with industry knowledge, technical, commercial and financial skills together with integrity and judgment considered necessary to represent shareholders and fulfill the business objectives of the Company.

The Board has sought to address its composition as the Company transitioned from an explorer to producer. Since the end of the last reporting period, the Company has appointed three independent Non-executive directors such that the Board is now comprised by a majority of independent directors.

The Board's two sub-committees have also been reconfigured such that they now comprise only independent Non-executive directors with Mr Stanley now no longer a member of either sub-committee.

The Board comprises directors who each have extensive technical, financial and commercial expertise who drive performance, create shareholder value and lead ethically by example.

Mr Stanley has confirmed that he considers he will have sufficient time to fulfil his responsibilities as a Non-Executive Director of the Company and does not consider that any other commitment will interfere with his availability to perform his duties as a Non-Executive Director of the Company.

5.5 Board recommendation

The Board has reviewed Mr Stanley's performance and considers that he demonstrates the right attributes and his skills and experience will continue to enhance the Board's ability to perform its role. Accordingly, the Board supports the re-election of Mr Stanley and recommends that Shareholders vote in favour of Resolution 4.

6. RESOLUTION 5 – ISSUE OF INCENTIVE OPTIONS TO DIRECTOR – MICHAEL EVANS

6.1 General

The Company has agreed, subject to obtaining Shareholder approval to issue 500,000 Options to Mr Evans (or his nominee) pursuant to the Company's Incentive Option Plan approved by shareholders on 25 November 2020 (**Incentive Option Plan**) and on the terms and conditions set out below (**Incentive Options**).

The Company's key strategic objective at the start of FY22 was to successfully commission the Okvau Gold mine and meet or exceed the Definitive Feasibility Study estimates targeting operating performance with a focus on safety, environment, sustainability and community. This was achieved following commissioning of the Okvau Gold mine in September 2021 thanks to the enormous efforts of our experienced executive and management team led by Managing Director Morgan Hart and Executive Director, Michael Evans.

Given the Company's size and evolving transition from explorer to producer, the Remuneration Committee utilises the Company's Incentive Option Plan approved by shareholders on 25 November 2020 to provide long-term equity incentives and short-term cash incentives tied to performance against relevant targets, for the key management personnel and senior management to drive alignment of the Company's critical and strategic pillars.

During 2H21, the Remuneration Committee, in conjunction with independent remuneration consultants, The Reward Practice, reviewed the Company's long-term incentive plan and considered it appropriate for the Company given its Remuneration philosophy.

The quantum of options awarded to Mr Evans has been determined with consideration of the remuneration mix benchmarked at the 50th percentile following the commissioning and commencement of production at the Okvau Gold mine, as approved by the Remuneration Committee and Board in conjunction with reference to external peer remuneration analysis.

The exercise price of the options is determined on the basis of a 120% premium to the volume weighted average price (VWAP) in the preceding 30 days prior to the date of grant (17 October 2022). The granted LTI options vest after 36 months subject to continued employment hurdles and expire five years from the time of the original option grant. This reflects a change in the Company's remuneration policy to reflect a vesting period no less than the minimum three year vesting period suggested by some corporate governance guidelines. The Remuneration Committee and Board considers the vesting hurdle appropriate and reasonable for the Company's stage of growth and is consistent with the Company's timeframe of becoming an established resource producer and employer of choice in accordance with the Company's Remuneration philosophy.

The premium priced options granted require significant share price growth and employee retention for the LTI awards to result in tangible benefits to Mr Evans. There are no re-testing provisions under the long-term incentive structure and there are no adjustments to exercise prices, vesting conditions or term of the premium priced options once granted. Equity awards do not automatically vest in the event of a change of control or termination. On the resignation of the Executive, Key Management Personnel or staff, the options that have been issued as remuneration lapse within 1 to 3 months unless exercised.

6.2 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:

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

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

The issue of the Incentive Options to Mr Evans (or his nominee) constitutes giving a financial benefit and Mr Evans is a related party of the Company by virtue of being a Director.

The Directors (other than Mr Evans) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue of Incentive Options, because the agreement to issue the Incentive Options, reached as part of the remuneration package for Mr Evans, is considered reasonable remuneration in the circumstances and was negotiated on an arm's length basis.

6.3 Listing Rule 10.14

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:

- 10.14.1 a director of the entity;

- 10.14.2 an associate of a director of the entity; or
- 10.14.3 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.

The issue of Incentive Options to Mr Evans falls within Listing Rule 10.14.1 and therefore requires the approval of Shareholders under Listing Rule 10.14.

Resolution 5 seeks the required Shareholder approval for the issue of the Incentive Options under and for the purposes of Listing Rule 10.14.

6.4 Technical information required by Listing Rule 14.1A

If Resolution 5 is passed, the Company will be able to proceed with the issue of the Incentive Options to Mr Evans under the Incentive Option 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). As approval pursuant to Listing Rule 7.1 is not required for the issue of the Incentive Options (because approval is being obtained under Listing Rule 10.14), the issue of the Incentive Options will not use up any of the Company's 15% annual placement capacity.

If Resolution 5 is not passed, the Company will not be able to proceed with the issue of the Incentive Options to Mr Evans under the Incentive Option Plan and the Company will need to consider alternative remuneration options for Mr Evans.

6.5 Technical information required by Listing Rule 10.15

Pursuant to and in accordance with the requirements of Listing Rule 10.15, the following information is provided in relation to Resolution 5.

- (a) the Incentive Options will be issued to Mr Evans (or his nominee), who falls within the category set out in Listing Rule 10.14.1 by virtue of being a Director;
- (b) the maximum number of Incentive Options to be issued is 500,000;
- (c) the current total fixed remuneration package for Mr Evans is \$791,575, comprising of directors' fees/salary of \$527,204, a superannuation payment of \$25,296 and share-based payments of \$239,075. If the Incentive Options in Resolution 5 are issued, the total fixed remuneration package of Mr Evans will increase by approximately \$47,850 to \$839,425 being the value of the Incentive Options (based on the Black Scholes methodology as at the date of this Notice);
- (d) Mr Evans has previously been issued 500,000 unlisted options exercisable at \$1.09, expiring 29 July 2026 under the Incentive Option Plan, 1,000,000 unlisted options exercisable at \$0.67, expiring 30 July 2025 under the Incentive Option Plan and 500,000 unlisted options exercisable at \$0.434 (on a post-consolidation basis), expiring 5 June 2023 under the Company's previous incentive option plan approved by shareholders on 23 November 2017;
- (e) a summary of the material terms and conditions of the Incentive Options is set out in Schedule 1;
- (f) the Incentive Options are unquoted Options. The Company has chosen to issue Incentive Options to Mr Evans for the following reasons:
 - (i) the Incentive Options are unquoted, therefore, the issue of the Incentive Options has no immediate dilutionary impact on Shareholders;
 - (ii) the issue of Incentive Options to Mr Evans will align the interests of Mr Evans with those of Shareholders;

- (iii) the issue of the Incentive Options is a reasonable and appropriate method to provide cost effective remuneration 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 Mr Evans;
- (iv) because of the deferred taxation benefit which is available to Mr Evans in respect of an issue of Options. This is also beneficial to the Company as it means Mr Evans is not required to immediately sell the Incentive Options to fund a tax liability (as would be the case in an issue of Shares where the tax liability arises upon issue of the Shares) and will instead, continue to hold an interest in the Company; and
- (i) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Incentive Options on the terms proposed;
- (g) the Company values the Incentive Options at \$358,850 (being \$0.7177 per Incentive Option) based on the Black-Scholes methodology as at the date of this Notice. The basis for the value attributed to the Incentive Options is set out in Schedule 3;
- (h) if Resolution 5 is approved the Incentive Options will be issued to Mr Evans (or his nominee) 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) and it is anticipated the Incentive Options will be issued on one date;
- (i) the issue price of the Incentive Options will be nil, as such no funds will be raised from the issue of the Incentive Options (other than in respect of funds received on exercise of the Incentive Options);
- (j) a summary of the material terms and conditions of the Incentive Option Plan is set out in Schedule 2;
- (k) no loan is being made to Mr Evans in connection with the acquisition of the Incentive Options;
- (l) details of any Options issued under the Incentive Option Plan will be published in the annual report of the Company relating to the period in which they were issued, along with a statement that approval for the issue was obtained under Listing Rule 10.14;
- (m) any additional persons covered by Listing Rule 10.14 who become entitled to participate in an issue of Options under the Incentive Option Plan after Resolution 5 is approved and who were not named in this Notice will not participate until approval is obtained under Listing Rule 10.14; and
- (n) a voting exclusion statement is included in Resolution 5 of the Notice.

7. RESOLUTION 6 – INCREASE IN AGGREGATE NON-EXECUTIVE DIRECTOR FEE POOL

7.1 General

Listing Rule 10.17 provides that an entity must not increase the total aggregate amount of directors' fees payable to all of its non-executive directors without the approval of holders of its ordinary securities.

Directors' fees include all fees payable by the entity or any of its child entities to a non-executive director for acting as a director of the entity or any of its child entities (including attending and participating in any board committee meetings), superannuation contributions for the benefit of a non-executive director and any fees which a non-executive director agrees to sacrifice for other benefits. It does not include reimbursement

of genuine out of pocket expenses, genuine "special exertion" fees paid in accordance with an entity's constitution, or securities issued to a non-executive director under Listing Rules 10.11 or 10.14 with the approval of the holders of its ordinary securities.

Clauses 14.7 and 14.8 of the Constitution also provides that total aggregate remuneration payable to the non-executive Directors will not exceed the sum initially set by the Constitution and subsequently increased by ordinary resolution of Shareholders in a general meeting.

The maximum aggregate amount of fees payable to the non-executive Directors is currently set at \$500,000.

Resolution 6 seeks Shareholder approval for the purposes of clause 14.8 of the Constitution and Listing Rule 10.17 to increase the total aggregate amount of fees payable to non-executive Directors to \$1,000,000.

The maximum aggregate amount of fees proposed to be paid to non-executive Directors per annum has been determined after reviewing similar companies listed on ASX and the Directors believe that this level of remuneration is in line with corporate remuneration of similar companies.

7.2 Technical information required by Listing Rule 10.17

If Resolution 6 is passed, the maximum aggregate amount of fees payable to the non-executive Directors will increase by \$500,000 to \$1,000,000. Whilst it is not envisaged that the maximum amount sought will be utilised immediately, the increase to maximum aggregate amount of fees payable may enable the Company to:

- (a) fairly remunerate both existing and any new non-executive directors joining the Board;
- (b) remunerate its non-executive Directors appropriately for the expectations placed upon them both by the Company and the regulatory environment in which it operates; and
- (c) have the ability to attract and retain non-executive directors whose skills and qualifications are appropriate for a company of the size and nature of the Company.

If Resolution 6 is not passed, the maximum aggregate amount of fees payable to non-executive Directors will remain at \$500,000. This may inhibit the ability of the Company to remunerate, attract and retain appropriately skilled non-executive directors.

In the past three years, the Company has not issued any Securities to non-executive Directors pursuant to Listing Rules 10.11 and 10.14.

7.3 Background

Remuneration Policy and Philosophy

The Board seeks to set aggregate remuneration at a level that provides the Company with the ability to attract and retain Directors of the highest calibre, while incurring a cost that is acceptable to shareholders. In FY21, the Remuneration Committee and Board considered the advice from independent external remuneration consultants, The Reward Practice with references to other meaningful resource industry remuneration survey data such as the Aon and Governance Institute of Australia's Board & Executive Remuneration Report when undertaking the annual review process.

Board Composition

The composition of the Board has been structured so as to provide Emerald with an adequate mix of directors with industry knowledge, technical, commercial and financial skills together with integrity and judgment considered necessary to represent shareholders and fulfill the business objectives of the Company.

As the Company has transitioned from an explorer to producer, the Board has set about identifying and assessing suitable independent Non-executive director candidates to complement the existing competencies of the Board to drive performance, create shareholder value and lead ethically by example.

With the recent appointments the Board is now comprised by a majority of independent directors who each have extensive technical, financial and commercial expertise.

Structure

The current remuneration of non-executive Directors consists of directors' fees only. There were no additional committee fees paid in 2022. Peer analysis undertaken by the Company with reference to meaningful resource industry remuneration survey data suggests the payment of additional fees for serving on a committee to recognise the additional time commitment required by non-executive Directors is considered reasonable remuneration for those companies in the ASX 300. Further development of the fee structure for non-executive Director fees, including committee chair and member fees, may be considered as part of the Company's remuneration strategy designed to attract and retain talent on the Board as the Company seeks to achieve its goal as a multi-asset gold producer.

Proposed Increase

The Company's constitution and the ASX Listing rules specify that the non-executive Director fee pool shall be determined from time to time by the general meeting.

Based on the future growth of the Company and the increase in number of independent Directors, the Company intends to seek approval to increase the aggregate fee pool from \$500,000 per annum to \$1,000,000 per annum.

The Board considers that it is reasonable and appropriate at this time to seek an increase in the remuneration pool for non-executive Directors for the following reasons:

- (a) the Company has successfully commissioned the Okvau Gold mine and is entering a significant growth phase. The Company is investigating the potential for substantial increases in resources and reserves at and around Okvau and is seeking to discover further economic resources in the Company's large exploration licences in the wider region. The Company's goal is to become a multi-asset gold producer and in FY22 the Company acquired a controlling interest in Bullseye Mining Limited (EMR:59.32%) which holds a significant tenure in the Dingo Range greenstone belt in Western Australia;
- (b) upon review of meaningful external industry resource remuneration survey data, the Company estimates an appropriate base fee for an independent non-executive Director of a company with a market capitalisation of around \$700 million, based on the 50th percentile is \$180,000 per annum and independent non-executive Chair is \$96,000 per annum with a committee Chair fee of \$10,000 per annum and a committee member fee of \$4,500 per annum;
- (c) the Company proposes to increase the base fees of non-executive Directors and may also establish committee Chair fees and member fees in accordance with meaningful external resource industry remuneration data;
- (d) on guidance from Shareholders and proxy advisors, the proposed aggregate fee pool has been increased to take into account provision for the Company's increased market capitalisation and the equivalent fee for the recently appointed

additional three independent non-executive Directors' base fees (and committee fees if applicable) to arrive at an aggregate number of \$1,000,000.

This proposed level of permitted fees does not mean that the Company must pay the entire amount approved as fees in each year. However, the Board considers that it is reasonable and appropriate to establish this amount as this will provide the Company with the flexibility to attract appropriately qualified non-executive Directors and to act quickly if the circumstances require it.

The remuneration of each Director for the year ended 30 June 2022 is detailed in the Annual Report.

The methodology for seeking the proposed increase is shown below.

30 June 2022	Base Fees	No.	Total
Position			
Non-Executive Chair	\$90,000	1	\$90,000
Other Non-Executive Directors	\$60,000	3	\$180,000
Remuneration & Nomination Committee			
Chair	Nil	1	Nil
Committee Member	Nil	2	Nil
Audit & Risk Committee			
Chair	Nil	1	Nil
Committee Member	Nil	2	Nil

Proposed	Base Fees	No.	Total
Position			
Non-Executive Chair	\$180,000	1	\$180,000
Other Non-Executive Directors	\$96,000	5	\$480,000
Remuneration & Nomination Committee			
Chair	\$10,000	1	\$10,000
Committee Member	\$4,500	5	\$22,500
Audit & Risk Committee			
Chair	\$10,000	1	\$10,000
Committee Member	\$4,500	5	\$22,500

7.4 Board Recommendation

Given the interest of the non-executive Directors in this Resolution, the Board makes no recommendation to Shareholders regarding this Resolution.

GLOSSARY

\$ means Australian dollars.

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

ASIC means the Australian Securities & Investments Commission.

Associated Body Corporate means

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

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Chair means the chair of the Meeting.

Closely Related Party 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 dependent of the member or 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 dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

Company means Emerald Resources NL (ACN 009 795 046).

Constitution means the Company's constitution.

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

Directors means the current directors of the Company.

Explanatory Statement means the explanatory statement accompanying the Notice.

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

Listing Rules means the Listing Rules of ASX.

Notice or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

Option means an option to acquire a Share.

Optionholder means a holder of an Option.

Proxy Form means the proxy form accompanying the Notice.

Remuneration Report means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 30 June 2022.

Resolutions means the resolutions set out in the Notice, or any one of them, as the context requires.

Section means a section of the Explanatory Statement.

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

Shareholder means a registered holder of a Share.

WST means Western Standard Time as observed in Perth, Western Australia.

SCHEDULE 1 – TERMS AND CONDITIONS OF INCENTIVE OPTIONS

1. Definitions:
- (a) **ASX Listing Rules** means the official listing rules of ASX Limited;
 - (b) **Company** means Emerald Resources NL (ACN 009 795 046).
 - (c) **Corporations Act** means Corporations Act 2001 (Cth) of Australia.
 - (d) **Exercise Price** means the amount payable on the exercise of each Incentive Option, being \$1.37.
 - (e) **Expiry Date** means 5.00pm (Perth time) on 17 October 2027.
 - (f) **Exercise Notice** means the form prescribed by the Company from time to time for the purpose of exercising Incentive Options.
 - (g) **Incentive Option** means an option to subscribe for a Share at the Exercise Price prior to the Expiry Date in the manner set out in these Terms and Conditions.
 - (h) **Incentive Option Holder** means the person or persons registered as the holder of one or more Incentive Options from time to time.
 - (i) **Share** means a fully paid ordinary voting share in the capital of the Company.
2. The Incentive Options will vest subject to the Incentive Option Holder remaining as a full time employee as at the vesting dates below:

Number of Incentive Options	Vesting Date
500,000	17 October 2025

3. Each Incentive Option carries the right to subscribe for one Share.
4. Each Incentive Option is unlisted and is not transferable.
5. Upon vesting, and subject to any restrictions imposed by ASX on the exercise of Incentive Options, Incentive Options may be exercised by the Incentive Option Holder by delivering to the Company's registered office or the Company's share registry an Exercise Notice at any time prior to the Expiry Date.
6. The cashless exercise facility entitles a participant (subject to board approval) to elect not to pay the Incentive Option exercise price against the number of Shares which the participant is entitled to receive upon exercise of the participant's Incentive Options but instead be allotted a fraction of a Share calculated as the difference between the market value of the shares on exercise date and the Incentive Option exercise price, divided by the market value of the shares, multiplied by the number of Incentive Options exercised (rounded up to the next full number of Shares).
7. Each Exercise Notice must state the number of Incentive Options to be exercised and be accompanied by the relevant holding statement(s), if any, and payment (in Australian currency) to the Company of an amount (the Application Monies) being the result of the Exercise Price multiplied by the number of Incentive Options being exercised.
8. Following receipt of a properly executed Exercise Notice and Application Monies in respect of the exercise of any Incentive Options, the Company will issue the resultant Shares and deliver notification of shareholdings.

9. Subject to any restrictions imposed by ASX, the Company will make application to have the Shares (issued pursuant to an exercise of Incentive Options) listed for quotation by ASX within 7 days of the date of issue.
10. Subject to any restrictions imposed by ASX, Shares issued pursuant to an exercise of Incentive Options shall rank, from the date of issue, pari passu with existing Shares in all respects.
11. Incentive Options carry no right to participate in pro rata issues of securities to shareholders unless the Incentive Options are exercised before the record date for determining entitlements to the relevant pro rata issue.
12. Each Incentive Option Holder will be notified by the Company of any proposed pro rata issue of securities to shareholders in accordance with ASX Listing Rules.
13. In the event of a reorganisation (including reconstruction, consolidation, subdivision, reduction, or return) of the capital of the Company, the terms of the Incentive Options will be changed to the extent necessary to comply with the requirements of the Corporations Act and ASX Listing Rules (in force at the time of the reorganisation).
14. Except as noted in paragraph 12 above, an Incentive Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the Incentive Option can be exercised.
15. Any unvested options will lapse upon cessation of the Incentive Option Holder's cessation of employment and any vested options will lapse if not exercised within 3 months of the cessation of employment.
16. Subdivision 83A-C of the Income Tax Assessment Act 1997 applies to the Scheme/Offer unless the Offer provides otherwise.

SCHEDULE 2 – SUMMARY OF KEY TERMS OF INCENTIVE OPTION PLAN

The material terms of the incentive option plan approved by shareholders on 25 November 2020 (**Incentive Option Plan**) are summarised below:

- (a) **Eligibility:** Participants in the Incentive Option Plan may be:
- (i) a Director (whether executive or non-executive) of the Company and any Associated Body Corporate of the Company (each, a **Group Company**);
 - (ii) a full or part time employee of any Group Company;
 - (iii) a casual employee or contractor of a Group Company to the extent permitted by ASIC Class Order 14/1000 as amended or replaced (**Class Order**); or
 - (iv) a prospective participant, being a person to whom the offer is made but who can only accept the offer if an arrangement has been entered into that will result in the person becoming a participant under subparagraphs (i), (ii), or (iii) above,
- who is declared by the Board to be eligible to receive grants of Options under the Incentive Option Plan (**Eligible Participant**).
- (b) **Offer:** The Board may, from time to time, in its absolute discretion, make a written offer to any Eligible Participant to apply for up to a specified number of Options, upon the terms set out in the Amended Plan and upon such additional terms and conditions as the Board determines.
- (c) **Plan limit:** The Company must have reasonable grounds to believe, when making an offer in reliance on the Class Order, that the number of Shares to be received on exercise of Options offered under an offer, when aggregated with the number of Shares issued or that may be issued as a result of offers made in reliance on the Class Order at any time during the previous 3 year period under an employee incentive scheme covered by the Class Order or an ASIC exempt arrangement of a similar kind to an employee incentive scheme, will not exceed 5% of the total number of Shares on issue at the date of the offer.
- (d) **Issue price:** Unless the Options are quoted on the ASX, Options issued under the Incentive Option Plan will be issued for no more than nominal cash consideration.
- (e) **Exercise price:** The Board may determine the exercise price (if any) for an Option offered under an offer under the Incentive Option Plan in its absolute discretion. To the extent the Listing Rules specify or require a minimum price, the Option exercise price must not be less than any minimum price specified in the Listing Rules.
- (f) **Cashless Exercise:** The cashless exercise facility entitles a participant (subject to board approval) to elect not to pay the Option exercise price against the number of Shares which the participant is entitled to receive upon exercise of the participant's Options but instead be allotted a fraction of a Share calculated as the difference between the market value of the shares on exercise date and the Option exercise price, divided by the market value of the shares, multiplied by the number of Options exercised (rounded up to the next full number of Shares).
- (g) **Vesting conditions:** An Option may be made subject to vesting conditions as determined by the Board in its discretion and as specified in the offer for the Option (**Vesting Conditions**).
- (h) **Vesting:** The Board may in its absolute discretion by written notice to a Participant (being an Eligible Participant to whom Options have been granted under the Incentive Option Plan or their nominee where the Options have been granted to the nominee of the Eligible Participant (**Relevant Person**), resolve to waive any of the Vesting Conditions applying to Options due to:

- (i) special circumstances arising in relation to a Relevant Person in respect of those Options, being:
 - (A) a Relevant Person ceasing to be an Eligible Participant due to:
 - (I) death or total or permanent disability of a Relevant Person; or
 - (II) retirement or redundancy of a Relevant Person;
 - (B) a Relevant Person suffering severe financial hardship;
 - (C) any other circumstance stated to constitute "special circumstances" in the terms of the relevant offer made to and accepted by the Participant; or
 - (D) any other circumstances determined by the Board at any time (whether before or after the offer) and notified to the relevant Participant which circumstances may relate to the Participant, a class of Participant, including the Participant or particular circumstances or class of circumstances applying to the Participant (**Special Circumstances**); or
 - (ii) a change of control occurring; or
 - (iii) the Company passing a resolution for voluntary winding up, or an order is made for the compulsory winding up of the Company.
- (i) **Lapse of an Option:** An Option will lapse upon the earlier to occur of:
 - (i) an unauthorised dealing in, or hedging of, the Option occurring;
 - (ii) a Vesting Condition in relation to the Option is not satisfied by its due date, or becomes incapable of satisfaction, as determined by the Board in its absolute discretion, unless the Board exercises its discretion to waive the Vesting Conditions and vest the Option in the circumstances set out in paragraph (h) or the Board resolves, in its absolute discretion, to allow the unvested Options to remain unvested after the Relevant Person ceases to be an Eligible Participant;
 - (iii) in respect of unvested Option only, a Relevant Person ceases to be an Eligible Participant, unless the Board exercises its discretion to vest the Option in the circumstances set out in paragraph (I) or the Board resolves, in its absolute discretion, to allow the unvested Options to remain unvested after the Relevant Person ceases to be an Eligible Participant;
 - (iv) in respect of vested Options only, a Relevant Person ceases to be an Eligible Participant and the Options granted in respect of that Relevant Person are not exercised within one (1) month (or such later date as the Board determines) of the date that Relevant Person ceases to be an Eligible Participant;
 - (v) the Board deems that an Option lapses due to fraud, dishonesty or other improper behaviour of the Eligible Participant;
 - (vi) the Company undergoes a change of control or a winding up resolution or order is made and the Board does not exercise its discretion to vest the Option; and
 - (vii) the expiry date of the Option.
- (j) **Not transferrable:** Subject to the Listing Rules, Options are only transferrable in Special Circumstances with the prior written consent of the Board (which may be withheld in

its absolute discretion) or by force of law upon death, to the Participant's legal personal representative or upon bankruptcy to the participant's trustee in bankruptcy.

- (k) **Shares:** Shares resulting from the exercise of the Options shall, subject to any sale restrictions (refer to paragraph (l)), from the date of issue, rank on equal terms with all other Shares on issue.
- (l) **Sale restrictions:** The Board may, in its discretion, determine at any time up until exercise of Options, that a restriction period will apply to some or all of the Shares issued to a Participant on exercise of those Options (**Restriction Period**). In addition, the Board may, in its sole discretion, having regard to the circumstances at the time, waive any such Restriction Period.
- (m) **Quotation of Shares:** If Shares of the same class as those issued upon exercise of Options issued under the Amended Plan are quoted on the ASX, the Company will, subject to the Listing Rules, apply to the ASX for those Shares to be quoted on ASX within 10 business days of the later of the date the Shares are issued and the date any Restriction Period applying to the disposal of Shares ends. The Company will not apply for quotation of any Options on the ASX.
- (n) **No participation rights:** There are no participation rights or entitlements inherent in the Options and Participants will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.
- (o) **Change in exercise price or number of underlying securities:** An Option does not confer the right to a change in exercise price or in the number of underlying Shares over which the Option can be exercised.
- (p) **Reorganisation :** If, at any time, the issued capital of the Company is reorganised (including consolidation, subdivision, reduction or return), the terms of the Options will be changed in a manner consistent with the Corporations Act and the Listing Rules at the time of the reorganisation.
- (q) **Amendments :** Subject to express restrictions set out in the Incentive Option Plan and complying with the Corporations Act, Listing Rules and any other applicable law, the Board may, at any time, by resolution amend or add to all or any of the provisions of the Incentive Option Plan, or the terms or conditions of any Option granted under the Incentive Option Plan including giving any amendment retrospective effect.

SCHEDULE 3 – VALUATION OF INCENTIVE OPTIONS

The Related Party Options to be issued to the Mr Evans pursuant to Resolution 5 and have been valued by internal management.

Assumptions:	
Valuation date	17 October 2022
Market price of Shares	\$1.13
Exercise price	\$1.37
Expiry date (length of time from issue)	17 October 2027
Risk free interest rate	3.685%
Volatility (discount)	80.0%
Indicative value per Incentive Option	71.77 cents
Total Value of Incentive Options to be issued to Mr Evans	\$358,850

Proxy Voting Form

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

Holder Number:

Your proxy voting instruction must be received by **11.00am (WST) on Tuesday, 22 November 2022**, being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

SUBMIT YOUR PROXY

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

YOUR NAME AND ADDRESS

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

STEP 1 – APPOINT A PROXY

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

DEFAULT TO THE CHAIR OF THE MEETING

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

STEP 2 - VOTES ON ITEMS OF BUSINESS

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

APPOINTMENT OF SECOND PROXY

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

SIGNING INSTRUCTIONS

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

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

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

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

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

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

CORPORATE REPRESENTATIVES

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

Lodging your Proxy Voting Form:

Online:

Use your computer or smartphone to appoint a proxy at
<https://investor.automic.com.au/#/loginsah>

or scan the QR code below using your smartphone

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



BY MAIL:

Automic
GPO Box 5193
Sydney NSW 2001

IN PERSON:

Automic
Level 5, 126 Phillip Street
Sydney NSW 2000

BY EMAIL:

meetings@automicgroup.com.au

BY FACSIMILE:

+61 2 8583 3040

All enquiries to Automic:

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

PHONE: 1300 288 664 (Within Australia)
+61 2 9698 5414 (Overseas)

