
Poseidon Nickel Limited
ACN 060 525 206

Notice of 2022 Annual General Meeting

Date: Thursday, 24 November 2022

Time: 10.30am (WST)

Venue: At the offices of KPMG
Level 8
235 St. George's Terrace
PERTH WA 6000

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TIME AND PLACE OF MEETING AND HOW TO VOTE

VENUE AND TIME OF MEETING

The Annual General Meeting of the Shareholders of Poseidon Nickel Limited which this Notice of Annual General Meeting relates to will be held at the offices of KPMG, Level 8, 235 St. George's Terrace, Perth on Thursday, 24 November 2022 at 10.30am WST.

YOUR VOTE IS IMPORTANT

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

VOTING IN PERSON

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

VOTING ELIGIBILITY

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Annual General Meeting are those who are registered Shareholders at 5.00pm WST on Tuesday 22 November 2022.

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, members are advised that:

- each member has a right to appoint a proxy;
- the proxy need not be a member of the Company; and
- a member who is entitled to cast 2 or more votes may appoint 2 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.

Sections 250BB and 250BC of the Corporations Act came into effect on 1 August 2011 and apply to voting by proxy on or after that date. Shareholders and their proxies should be aware of these changes to the Corporations Act, as they will apply to this Meeting. Broadly, the changes mean 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.

Further details on these changes are set out below.

Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does:**

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- if the proxy is not the chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
 - the proxy is not recorded as attending the meeting;
 - the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 6167 6600.

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of Shareholders of Poseidon Nickel Limited (ACN 060 525 206) (**Company**) will be held at KPMG, Level 8, 235 St. George's Terrace, Perth on Thursday, 24 November 2022 at 10.30am WST.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Annual General Meeting are those who are registered Shareholders of the Company at 5.00pm WST on Tuesday 22 November 2022.

The Explanatory Statement which accompanies and forms part of this Notice describes the matters to be considered at the Meeting.

AGENDA

1. FINANCIAL STATEMENTS AND REPORTS

To receive and consider the Financial Report of the Company for the year ended 30 June 2022 together with the declaration of the directors, the Directors' 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 purpose 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 – RE-ELECTION OF DIRECTOR – MR PETER MUCCILLI

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

“That, for the purposes clause 14.2 of the Constitution and for all other purposes, Mr Peter Muccilli, a Director who was appointed on 3 August 2020, retires, and being eligible, is re-elected as a Director.”

4. RESOLUTION 3 – ELECTION OF DIRECTOR – MR WARREN HALLAM

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

“That, for the purposes of ASX Listing Rule 14.4, clause 14.4 of the Constitution and for all other purposes, Mr Warren Hallam, a Director who was appointed on 1 June 2022, retires, and being eligible, is elected as a Director.”

5. RESOLUTION 4 – APPROVAL OF MANAGING DIRECTOR PERFORMANCE RIGHTS

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

“That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue 2,121,212 Performance Rights to Mr Peter Harold, a director of the Company (or his nominee) 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 Mr Peter Harold (or his nominee) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person or those persons.

However, this does not apply to a vote cast in favour of 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.

6. RESOLUTION 5 – ADOPTION OF EMPLOYEE INCENTIVE SECURITIES PLAN

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

“That, for the purposes of ASX Listing Rule 7.2 (Exemption 13(b)) and for all other purposes, approval is given for the Company to adopt and employee incentive scheme titled Poseidon Nickel Ltd – Employee Incentive Securities Plan and for the issue of securities under that 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 a person who is eligible to participate in the incentive scheme or 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 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
 - (iii) 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 – AMENDMENT OF COMPANY CONSTITUTION

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

“That, for the purposes of section 136(2) of the Corporations Act and for all other purposes, approval is given for the Company to amend its existing Constitution in the form as signed by the chairman of the Meeting for identification purposes, with effect from the close of the Meeting.”

8. RESOLUTION 7 – ADDITIONAL 10% PLACEMENT CAPACITY

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

“That, for the purposes of Listing Rule 7.1A and for all other purposes, approval is given for the Company to issue up to that number of Equity Securities equal to 10% of the issued capital of the Company at the time of issue, calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 and otherwise on the terms and conditions set out in the Explanatory Memorandum.”

DATED: 10 OCTOBER 2022

BY ORDER OF THE BOARD

A handwritten signature in black ink, appearing to read 'A. Betti', with a small dot at the end.

**ANDREA BETTI
COMPANY SECRETARY**

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 which are the subject of the business of the Meeting.

1. FINANCIAL STATEMENTS AND REPORTS

In accordance with the Constitution, the business of the Meeting will include 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.poseidon-nickel.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

Under the Corporations Act, 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 previous 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 against the remuneration report considered at that annual general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

2.4 Proxy Voting Restrictions

Voting exclusions apply to this Resolution, as specified in the Notice.

The Chair intends to vote all available proxies in favour of adoption of the Remuneration Report, subject to any instructions of the Shareholder to the contrary included in the Proxy Form.

The Board considers that the remuneration policies adopted by the Company are appropriately structured to provide rewards that are commensurate with the performance of the Company and the individual.

Noting that each Director has a personal interest in their own remuneration from the Company as set out in the Remuneration Report, the Board recommends that Shareholders vote in favour of Resolution 1.

3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR

Clause 14.2 of the Constitution provides that at each Annual General Meeting one-third of the Directors or, if their number is not a multiple of three, then the number nearest one-third, shall retire from office to ensure that no Director holds office for a period in excess of three years or later than the third Annual General Meeting following the Director's appointment.

Mr Peter Muccilli therefore retires from office in accordance with this requirement and submits himself for re-election.

Mr Muccilli's qualifications are set out below:

Peter Muccilli

Term in office: Appointed as a Non-Executive Director on 3 August 2020

Independent: Yes

Skills and experience: Mr Muccilli is a qualified geologist with over 30 years' experience in exploration, development and operational roles in the resources sector with a particular focus on nickel, gold, zinc and lead.

Mr Muccilli previously held key executive roles at Mincor Resources NL. During his 15 years at Mincor, Mr Muccilli led the exploration team responsible for much of Mincor's nickel exploration success, including the higher grade greenfield Cassini discovery.

Mr Muccilli is currently the Technical Director of ASX listed company Constellation Resources Ltd and during the previous three years has served as Managing Director of Mincor Resources NL (November 2016 to January 2019).

The Board (other than Mr Muccilli because of his interest in the outcome of Resolution 2) recommends that Shareholders vote in favour of Mr Muccilli's re-election.

4. RESOLUTION 3 – ELECTION OF DIRECTOR

The Constitution provides that the Board may at any time appoint a person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed holds office only until the next following annual general meeting and is then eligible for re-election. The Listing Rules similarly require that a Director appointed to fill a casual vacancy or as an addition to the Board must not hold office (without re-election) past the next annual general meeting.

Mr Warren Hallam has been appointed as a Director since the Company's last annual general meeting held in November 2021. Accordingly, Mr Hallam retires as a Director and, being eligible, offer himself for election as a Director of the Company.

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, qualifications, character, criminal record and bankruptcy history. The Company undertook such checks prior to the appointment of Mr Hallam.

Mr Hallam's qualifications are set out below:

Warren Hallam

Term in office: Appointed as a Non-Executive Director on 1 June 2022

Independent: Yes

Skills and experience: Mr Hallam is a highly experienced metallurgist and mineral economist with extensive operational and executive experience and expertise in financing, developing and operating of base metal and gold projects within Australia.

Mr Hallam has considerable technical, managerial and financial experience across a broad range of commodities including copper, nickel, tin, gold and iron ore and has held numerous board and senior executive positions within the resources sector.

Mr Hallam is currently the chairman of NiCo Resources Ltd and Kingfisher Resources Ltd and a director of Essential Minerals Ltd. During the previous three years Mr Hallam has also served as the Managing Director of Millennium Minerals Ltd (August 2019 to May 2020) and the chairman of Nelson Resources Ltd (February 2019 to May 2022).

Mr Hallam has a Bachelor of Applied Science in Metallurgy, a Master of Science in Mineral Economics, and a Graduate Diploma of Business.

The Board (other than Mr Hallam because of his interest in the outcome of Resolution 3) recommends that Shareholders vote in favour of Mr Hallam's election.

5. RESOLUTION 4 – APPROVAL OF MANAGING DIRECTOR PERFORMANCE RIGHTS

5.1 Background

The Company entered into an agreement with Peter Harold upon his appointment as the Managing Director and CEO of the Company which included a Long Term Incentive (LTI) as part of his remuneration package. The primary purpose of this LTI is to provide a performance linked incentive component in his remuneration package to motivate and reward his performance as the Managing Director and CEO.

The Company has an Incentive Performance Rights and Options Plan (**Plan**) which was approved by shareholders at the 2020 AGM and the Company operates a Long Term Incentive program, pursuant to the Plan. The LTI program provides that eligible participants, executives and employees are provided the opportunity to receive performance rights for achievement of long-term Company goals. The LTI program seeks to provide long-term benefits on achievement of individual and Company key performance indicators ("KPIs") over a 24-month period. Challenging KPIs are set to ensure awards under the LTI program are comparable to the performance of participating employees.

The Board has previously set key performance indicators (**KPIs**) under its LTI program for Mr Harold and executive management. These KPIs cover shareholder returns, growth of Resources and Reserves and the restart of the Black Swan Operations into production.

In its assessment of the KPI performance for the period ended 30 June 2022, the Board has determined a partial achievement of the KPIs. The Company subsequently issued 1,349,432 performance rights on 29 July 2022 to its executive management participating in the program, other than for the Managing Director who requires shareholder approval prior to the issue of his performance rights.

The Company therefore proposes to issue 2,121,212 Performance Rights to Mr Peter Harold (or his nominee) on the terms and conditions set out in this Notice of Meeting.

The Directors consider that the proposed issue of Performance Rights is a cost effective and efficient reward and incentive, as opposed to alternative forms of incentive, such as the payment of cash compensation.

Resolution 4 seeks Shareholder approval for the issue of the Performance Rights to Mr Harold (or his nominee) on the terms and conditions set out in this Notice of Meeting.

5.2 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 Performance Rights to Mr Harold (or his nominee) constitutes giving a financial benefit and Mr Harold is a related party of the Company by virtue of being a Director.

The Directors (other than Mr Harold who has a material personal interest in the Resolution) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the grant of Performance Rights because the agreement to issue the Performance Rights, reached as part of the remuneration package for Mr Harold, is considered reasonable remuneration in the circumstances and was negotiated on an arm's length basis.

5.3 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 Performance Rights to Mr Harold falls within Listing Rule 10.14.1 and therefore requires the approval of Shareholders under Listing Rule 10.14.

Resolution 4 seeks the required Shareholder approval for the issue of the Performance Rights under and for the purposes of Listing Rule 10.14.

5.4 Technical Information required by Listing Rule 14.1A

If Resolution 4 is passed, the Company will be able to proceed with the issue of the Performance Rights to Mr Harold under the Company's securities incentive scheme. As approval pursuant to Listing Rule 7.1 is not required for the issue of the Performance Rights

(because approval is being obtained under Listing Rule 10.11), the issue of the Performance Rights will not use up any of the Company's 15% annual placement capacity.

If Resolution 4 is not passed, the Company will not be able to proceed with the issue of the Performance Rights, and will instead pay the benefit to Mr Harold in cash pursuant to the terms of Mr Harold's Employment Agreement and under the terms of the incentive program.

5.5 Technical Information required by Listing Rule 10.15

Pursuant to and in accordance with Listing Rule 10.15, the following information is provided in relation to Resolution 4:

- (a) the Performance Rights will be issued to Mr Harold (or his nominee), who falls within the category set out in Listing Rule 10.14.1 as Mr Harold is a related party of the Company by virtue of being a Director;
- (b) the maximum number of Performance Rights to be issued is 2,121,212;
- (c) the current total remuneration package for Mr Harold is \$607,750, comprising of salary of \$550,000, a superannuation payment of \$57,750. If the Performance Rights are issued, the total remuneration package of Mr Harold will increase by \$112,000 to \$719,750;
- (d) the terms and conditions of the Performance Rights are set out in Schedule 1;
- (e) No securities have previously been issued to Mr Harold under the Company's Incentive Performance Rights and Options Plan;
- (f) the Performance Rights are unquoted performance rights. The Company has chosen to grant the Incentive Performance Rights to Mr Harold for the following reasons:
 - (i) the Performance Rights are unlisted, therefore the grant of the Performance Rights has no immediate dilutionary impact on Shareholders;
 - (ii) the issue of Performance Rights to Mr Harold will align the interests of Mr Harold with those of Shareholders;
 - (iii) the issue of the Performance Rights 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 Harold;
 - (iv) the deferred tax benefits available to Mr Harold via the issue of Performance Rights rather than an issue of Shares; and
 - (v) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in granting the Incentive Performance Rights on the terms proposed;
- (g) the award made to Mr Harold under the Long Term Incentive program pursuant to the Employee Incentive Performance Rights and Option Plan was \$112,000. The number of performance rights to be issued to Mr Harold (2,121,212) is calculated based on the 20-day VWAP up to 30 June 2022 being the end of the performance period for the LTI award (being \$0.0528 per share).
- (h) the Performance Rights will be issued to Mr Harold (or his nominee) no later than 1 month after the date of the Meeting, and it is anticipated the Performance Rights will be issued on one date;
- (i) the issue price of the Performance Rights will be nil, as such no funds will be raised from the issue of the Performance Rights;
- (j) a summary of the material terms and conditions of the Company's existing incentive securities scheme is set out in Schedule 2;

- (k) no loan is being made to Mr Harold in connection with the acquisition of the Performance Rights;
- (l) details of any Performance Rights issued under the Company's incentive securities scheme 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; and
- (m) any additional persons covered by Listing Rule 10.14 who become entitled to participate in an issue of Performance Rights under the Company's incentive securities scheme after Resolution 4 is approved and who were not named in this Notice will not participate until approval is obtained under Listing Rule 10.14.

5.6 Recommendation of Directors

The Board (other than Mr Harold because of his interest in the outcome of Resolution 4) recommends that Shareholders vote in favour of Resolution 4.

6. RESOLUTION 5 – ADOPTION OF EMPLOYEE INCENTIVE SECURITIES PLAN

6.1 Background

Resolution 5 seeks Shareholders approval for the adoption of the employee incentive scheme titled Poseidon Nickel Ltd Employee Incentive Securities Plan (**EISP**) in accordance with ASX Listing Rule 7.2 (Exception 13(b)).

The objective of the EISP is to attract, motivate and retain key employees and the Company considers that the adoption of the EISP and the future issue of Performance Rights or Options under the EISP will provide selected employees with the opportunity to participate in the future growth of the Company.

The Company has an existing Incentive Performance Rights and Options Plan, for which Shareholder approval for the purposes of ASX Listing Rule 7.2 (Exception 13(b)) was obtained at the Company's Annual General Meeting in November 2020.

With effect from 1 October 2022, a new employee share scheme regime under the Corporations Act 2001 (Cth) took effect and replaced the current relief provided by ASIC Class Order CO 14/1000. The Company is proposing Plan that is compliant with the new employee share scheme regime.

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

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

Exception 13(b) is only available if and to the extent that the number of equity securities issued under the scheme does not exceed the maximum number set out in the entity's notice of meeting dispatched to shareholders in respect of the meeting at which shareholder approval was obtained pursuant to Listing Rule 7.2 (Exception 13(b)). Exception 13(b) also ceases to be available if there is a material change to the terms of the scheme from those set out in the notice of meeting.

If Resolution 5 is passed, the Company will be able to issue Performance Rights and Options under the EISP to eligible participants over a period of 3 years. The issue of any Performance Rights or Options to eligible participants under the EISP (up to the maximum number of Securities stated in Section 6.3(c) below) will be excluded from the calculation of the

number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

For the avoidance of doubt, the Company must seek Shareholder approval under Listing Rule 10.14 in respect of any future issues of Performance Rights or Options under the ESIP to a related party or a person whose relationship with the company or the related party is, in ASX's opinion, such that approval should be obtained.

If Resolution 5 is not passed, the Company will be able to proceed with the issue of Performance Rights and Options under the ESIP to eligible participants, but any issues of Performance Rights or Options will reduce, to that extent, the Company's capacity to issue equity securities without Shareholder approval under Listing Rule 7.1 for the 12 month period following the issue of the Performance Rights or Options.

6.2 Listing Rule 7.2 Exception 13(b)

In accordance with the requirements of Listing Rule 7.2 Exception 13(b), the following information is provided:

- (a) A summary of the key terms and conditions of the ESIP is set out in Schedule 3. In addition, a copy of the ESIP is available for review by Shareholders at the registered office of the Company until the date of the Meeting. A copy of the ESIP can also be sent to Shareholders upon request to the Company Secretary. Shareholders are invited to contact the Company if they have any queries or concerns.
- (b) The Company has not issued any Performance Rights or Options under the ESIP as this is the first time that Shareholder approval is being sought for the adoption of the Plan.
- (c) The maximum number of Securities proposed to be issued under the ESIP, following Shareholder approval, is 153,197,976 Securities. It is not envisaged that the maximum number of Securities for which approval is sought will be issued immediately.
- (d) A voting exclusion statement has been included in this Notice for the purpose of resolution 5.

Noting that each Director may have a personal interest in the outcome of this Resolution 5 by virtue of them being eligible to participate in the Plan, the Board recommends that Shareholders vote in favour of Resolution 5.

7. RESOLUTION 6 – AMENDMENT OF COMPANY CONSTITUTION

7.1 Background

Resolution 6 seeks Shareholders approval for the amendment of the existing Constitution of the Company (**Amended Constitution**).

The Directors consider that the Constitution should be brought up to date with the current provisions of the Corporations Act and the ASX Listing Rules.

If the special resolution seeking this approval is passed, then the Amended Constitution will be effective immediately following the Annual General Meeting.

A copy of the Amended Constitution is available for review by Shareholders at the Company's website www.poseidon-nickel.com.au and at the office of the Company. A copy of the Amended Constitution can also be sent to Shareholders upon request to the Company Secretary.

Shareholders are invited to contact the Company if they have any queries or concerns.

7.2 Summary of Material Proposed Changes

Many of the proposed changes are administrative or minor in nature including updating references to bodies or legislation which have been renamed and expressly providing for statutory rights by mirroring these rights in provisions of the amended Constitution.

The Directors believe these amendments are not material nor will they have any significant impact on Shareholders.

It is not practicable to list all of the changes to the Constitution in detail in this Explanatory Statement, however, a summary of the proposed material changes is set out below.

Minimum Securities Holding (replacement clause 3)

Clause 3 of the Proposed Constitution now extends the minimum holding provisions to all securities as provided for under the ASX Listing Rules. The clause previously only referred to shares. This clause outlines how the Company can manage shareholdings which represent an “unmarketable parcel” of shares, being a shareholding that is less than \$500 based on the closing price of the Company's Shares on ASX as at the relevant time.

The proposed amendment is in line with the requirements for dealing with “unmarketable parcels” outlined in the Corporations Act such that where the Company elects to undertake a sale of unmarketable parcels, the Company is only required to give one notice to holders of an unmarketable parcel to elect to retain their shareholding before the unmarketable parcel can be dealt with by the Company, saving time and administrative costs incurred by otherwise having to send out additional notices.

The replacement Clause 3 will continue to outline in detail the process that the Company must follow for dealing with unmarketable parcels.

Joint Holders (replacement clause 9.8)

Clause 9.8 of the Proposed Constitution provides that the number of registered joint holders of securities shall be as permitted under the Listing Rules and the ASX Settlement Operating Rules.

CHESS is currently being replaced by ASX with a projected go-live date of April 2023. As part of the CHESS replacement, the registration system will be modernised to record holder registration details in a structured format that will allow up to four joint holders of a security.

Capital Reductions (replacement clause 10.2)

Clause 10.2 of the Proposed Constitution now permits sales of unmarketable parcels to a sale nominee as part of a capital reduction.

Virtual Meetings (new clause 14)

Clause 14 of the Constitution outlines how the Company can use technology at meetings.

The proposed amendment is in line with the permanent changes to the Corporations Act which commenced on 1 April 2022 allowing the use of technology at meetings and the distribution of meeting-related documents electronically (whether by a physical or electronic link or the entire document).

While hybrid and virtual meetings can be held, wholly virtual meetings will only be allowed if expressly permitted under the Company's Constitution. Whichever format is used, members as a whole must be given a reasonable opportunity to participate, and any technology used must allow members to exercise, orally and in writing, any rights those members have to ask questions and make comments.

7.3 Recommendation by Directors

The Board recommends that Shareholders vote in favour of Resolution 6.

RESOLUTION 7 – ADDITIONAL 10% PLACEMENT CAPACITY

8.1 General

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of Equity Securities that a listed company can issue without the approval of its shareholders

over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that period.

However, under Listing Rule 7.1A, an eligible entity may seek shareholder approval by way of a special resolution passed at its annual general meeting to increase this 15% limit by an extra 10% to 25% (**10% Placement Capacity**).

An 'eligible entity' means an entity which is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300,000,000 or less. As at the date of this Notice of Meeting, the Company's market capitalisation is \$144,006,098 (based on the number of Shares currently on issue and the closing price on 5 October 2022 being 4.7 cents).

Accordingly, the Company is an eligible entity as at the time of this Notice of Meeting.

Resolution 7 seeks Shareholder approval by way of special resolution for the Company to have the additional 10% placement capacity provided for in Listing Rule 7.1A to issue Equity Securities without Shareholder approval.

If Resolution 7 is passed, the Company will be able to issue Equity Securities up to the combined 25% limit in Listing Rules 7.1 and 7.1A without any further Shareholder approval.

If Resolution 7 is not passed, the Company will not be able to access the additional 10% capacity to issue Equity Securities without Shareholder approval under Listing Rule 7.1A, and will remain subject to the 15% limit on issuing Equity Securities without Shareholder approval set out in Listing Rule 7.1.

8.2 Information on 10% Placement Capacity

(a) Quoted securities

Any Equity Securities issued under the 10% placement capacity must be in the same class as an existing class of Equity Securities of the Company that are quoted on ASX.

As at the date of this Notice, the Company currently has one class of Equity Securities quoted on the ASX, being Ordinary Shares (ASX Code: POS).

(b) Formula for 10% placement capacity

If this Resolution 7 is passed, the Company may issue or agree to issue, during the 12 month period after this Meeting, the number of Equity Securities calculated in accordance with the following formula:

Additional Placement Capacity = (A x D) – E

A = the number of fully-paid ordinary securities on issue at the commencement of the Relevant Period:

- plus the number of fully-paid ordinary securities issued in the Relevant Period under an exception in ASX Listing Rule 7.2 other than exception 9, 16, or 17;
- plus the number of fully-paid ordinary securities issued in the Relevant Period on the conversion of convertible securities within Listing Rule 7.2 exception 9 where:
 - the convertible securities were issued or agreed to be issued before the commencement of the Relevant Period; or
 - the issue of, or agreement to issue, the convertible securities was approved, or taken under the Listing Rules to have been approved under Listing Rule 7.1 or 7.4;
- plus the number of fully-paid ordinary securities issued in the Relevant Period under an agreement to issue securities within rule 7.2 exception 16 where:
 - the agreement was entered into before the commencement of the Relevant Period; or
 - the agreement or issue was approved, or taken under the Listing Rules to have been approved under Listing Rule 7.1 or 7.4;

- plus the number of fully paid ordinary securities issued in the Relevant Period with approval under Listing Rule 7.1 or ASX Listing Rule 7.4;
 - plus the number of partly-paid ordinary securities that became fully-paid in the Relevant Period;
 - less the number of fully-paid ordinary securities cancelled in the Relevant Period;
- D = 10%; and
- E = the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the Relevant Period where the issue or agreement has not been subsequently approved by Shareholders under Listing Rule 7.4.

8.3 Listing Rule requirements

Pursuant to and in accordance with ASX Listing Rule 7.3A, the information below is provided in relation to this Resolution 7:

(a) Period for which the 10% placement capacity is valid

The 10% placement capacity will commence on the date of the Meeting at which the Shareholder approval is obtained and expire on the first to occur of the following:

- the date that is 12 months after the date of this Meeting (i.e. 24 November 2022), presuming Shareholder approval is obtained;
- the time and date of the Company's next annual general meeting; and
- the time and date of approval by Shareholders of any transaction under Listing Rule 11.1.2 (a significant change in the nature or scale of activities) or Listing Rule 11.2 (disposal of the main undertaking).

(b) Minimum Price at which equity securities may be issued

Any Equity Securities issued under the 10% placement capacity will be in an existing quoted class of Equity Securities and be issued at a minimum price of 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 trading days on which trades in that class were recorded immediately before:

- the date on which the price at which the Equity Securities are to be issued is agreed by the entity and the recipient of the Equity Securities; or
- if the Equity Securities are not issued within 10 trading days of the date in paragraph (a) above, the date on which the Equity Securities are issued.

(c) Use of funds raised under 10% placement capacity

The Company intends to use funds raised from issues of Equity Securities under the 10% placement capacity for:

- the development of the Company's current business;
- continued development and exploration expenditure on the Company's current assets/or projects;
- the acquisition of new resources, assets and investments (including expenses associated with such an acquisition); and
- general working capital.

(d) Risk of voting dilution

If Resolution 7 is passed and the Company issues securities under the 10% placement capacity, then there is a risk to existing Shareholders of economic and voting dilution, including the risk that:

- (i) the market price for Equity Securities in the same class may be significantly lower on the issue date of the new Equity Securities than on the date Shareholder approval is obtained for this Resolution; and
- (ii) the new Equity Securities may be issued at a price that is at a discount to the market price for Equity Securities in the same class on the issue date.

The table below shows the potential dilution of existing Shareholders following the issue of Equity Securities under the 10% placement capacity (based on the formula set out above) using difference variables for the number of issued Ordinary Shares and the market price of Ordinary Shares. The table below is calculated using the closing market price of Shares and the number of Equity Securities on issue as at 5 October 2022.

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

Number of Shares on Issue (Variable 'A' in ASX Listing Rule 7.1A2)	Dilution			
	Issue Price (per Share)	\$0.0235 (50% decrease in current issue price)	\$0.0470 (Current issue price)	\$0.0705 (100% increase in current issue price)
3,063,959,526 (Current Variable A)	Shares issued – 10% voting dilution	306,395,953	306,395,953	306,395,953
	Funds raised	\$7,200,305	\$14,400,610	\$21,600,915
4,595,939,289 (50% increase in Variable A)	Shares issued – 10% voting dilution	459,593,929	459,593,929	459,593,929
	Funds raised	\$10,800,457	\$21,600,915	\$32,401,372
6,127,919,052 (100% increase in Variable A)	Shares issued – 10% voting dilution	612,791,905	612,791,905	612,791,905
	Funds raised	\$14,400,610	\$28,801,220	\$43,201,829

*The number of Shares on issue (Variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under Listing Rule 7.1.

The table above uses the following assumptions:

- (i) There are currently 3,063,959,526 existing Shares on issue as at the date of this Notice of Meeting.
- (ii) The issue price set out above is the closing price of the Shares on the ASX on 5 October 2022.
- (iii) The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity.
- (iv) The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in ASX Listing Rule 7.2 or with approval under ASX Listing Rule 7.1.
- (v) The issue of Equity Securities under the 10% Placement Capacity consists only of Shares. It is assumed that no Options are exercised into Shares before the date of issue of the Equity Securities.
- (vi) The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
- (vii) This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1 unless otherwise disclosed.
- (viii) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
- (ix) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Capacity, based on that Shareholder's holding at the date of the Meeting.

Shareholders should note that there is a risk that:

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

(e) Allocation under the 10% Placement Capacity

The recipients of the Equity Securities to be issued under the 10% Placement Capacity have not yet been determined. However, the recipients of Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company.

The Company will determine the recipients at the time of the issue under the 10% Placement Capacity, having regard to the following factors:

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

(f) Previous approval under ASX Listing Rule 7.1A

The Company's most recent approval of the additional 10% placement capacity occurred at the 2017 annual general meeting. Accordingly, there have been no issues under ASX Listing Rule 7.1A in the 12 months preceding this annual general meeting.

8.4 Voting Exclusion

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

8.5 Recommendation by Directors

The Board believes that the 10% Placement Capacity is beneficial for the Company as it will give the Company the flexibility to issue further securities representing up to 10% of the Company's share capital during the next 12 months.

Accordingly, the Board unanimously recommends that Shareholders vote in favour of Resolution 7.

GLOSSARY

\$ means Australian dollars

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

ASIC means the Australian Securities & Investment Commission.

ASX means ASX Limited or the Australian Securities Exchange, as the context requires.

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of directors of the Company.

Business Days 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.

Chairman means the chairman 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)*.

Company means Poseidon Nickel Limited (ABN 60 060 525 206).

Constitution means the Company's constitution.

Corporations Act means the Corporations Act 2001 (Cth).

Directors means current directors of the Company.

Equity Securities means includes a Share, a right to a Share or Option, an Option, a convertible security and any security that ASX decides to classify as an Equity Security.

Explanatory Statement means the Explanatory Statement accompanying the Notice of Meeting.

Key Management Personnel is defined by AASB 124 Related Party disclosures as all directors and those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company.

Notice of Meeting or **Notice of Annual General Meeting** means this notice of annual general meeting including the Explanatory Statement.

Option means an option to acquire a share.

Proxy Form means the proxy form accompanying the Notice of Meeting

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 of Meeting or any one of them, as the context requires.

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

Shareholder means a holder of a Share.

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

SCHEDULE 1 – MATERIAL TERMS AND CONDITIONS OF PERFORMANCE RIGHTS

- (1) Performance Rights are issued pursuant to the Company Incentive Performance Rights and Options Plan (the Plan) and are subject to the Plan Rules.
- (2) Each Performance Right gives the holder (Holder) a right to one ordinary share in the Company.
- (3) Performance Rights are fully vested upon issue for nil consideration.
- (4) Performance Rights shall convert into fully paid ordinary shares upon the completion of a Performance Right Exercise Notice delivered to the Company.
- (5) Any Performance Right not converted into a Company Share will lapse on 5.00pm (WST) 30 June 2025.
- (6) In the event the holder ceases employment with the Company during the Exercise Period, the holder will be entitled to keep their vested Performance Rights however the Performance Rights must be exercised within a 90 day period or prior to the Expiry Time (whichever is earlier).
- (7) However, the Plan Rules provide the Board with discretion to determine that a different treatment should apply at the time of cessation where appropriate.
- (8) The Company Shares issued on conversion of the Performance Rights will, as and from 5.00pm (WST) on the date of issue, rank equally with and confer rights identical with all other Company Shares then on issue and application will be made by Company to ASX for official quotation of the Company Shares issued upon conversion.
- (9) If there is a reorganisation (including, without limitation, consolidation, sub-division, reduction or return) of the issued capital of the Company, the rights of a holder will be varied, as appropriate, in accordance with the Listing Rules which apply to reorganisation of capital at the time of the reorganization.
- (10) In general, unless the Board determines otherwise, at the time of a Change in Control Event (as defined in the Plan), where a Change of Control occurs during the Exercise Period, you must exercise your Performance Rights within a 90 day period or prior to the Expiry Time (whichever is earlier).
- (11) A Performance Right does not entitle a holder to participate in new issues of capital offered to holders of Shares, such as bonus issues and entitlement issues.
- (12) A Performance Right does not confer the right to a change in the number of underlying Shares over which the Performance Right can vest into.
- (13) A Performance Right does not entitle the holder to participate in the surplus profits or assets of the Company upon winding up of the Company.
- (14) A Performance Right is not transferable.
- (15) A Performance Right does not give a holder any other rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.
- (16) The Performance Rights are bound by the Plan Rules. The Board may, at any time, amend the terms and conditions of the Performance Rights in accordance with the Plan Rules, provided the amendment does not materially reduce the rights attaching to your Performance Rights.

SCHEDULE 2 – MATERIAL TERMS AND CONDITIONS OF THE EXISTING COMPANY INCENTIVE PERFORMANCE RIGHTS AND OPTIONS PLAN

The key terms of the Plan are as follows:

- (a) The Board may, from time to time, in its absolute discretion, make a written offer to any of the following:
 - (i) a Director (whether executive or non-executive) of any 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; 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 an Eligible Participant under clauses (a), (b) or (c) above,
- (Eligible Participants).**
- (b) Under the Plan the Board may grant Performance Rights to Eligible Participants with effect from the date determined by the Board, upon the terms set out in the Plan and upon such additional terms and vesting conditions as the Board determines.
 - (c) The Board will advise each Eligible Participant of the following minimum information regarding the Performance Rights or Options:
 - (i) the maximum number of Performance Rights or Options that the Eligible Participant may apply for, or the formula for determining the number of Performance Rights or Options that may be applied for;
 - (ii) the maximum number of Shares that the Eligible Participant is entitled to be issued on the exercise of each Performance Right or the formula for determining the maximum number of Shares;
 - (iii) any applicable vesting conditions;
 - (iv) when unvested Performance Rights or Options will expire (**Expiry Date**);
 - (v) the date by which an offer must be accepted (**Closing Date**); and
 - (vi) any other information required by law or the ASX Listing Rules or considered by the Board to be relevant to the Performance Rights or Options or the Shares to be issued on exercise of the Performance Rights or Options.
 - (d) Performance Rights or Options will not be quoted on the ASX, except to the extent provided for by the Plan or unless the Offer provides otherwise.
 - (e) Subject to clause (h), a Performance Right granted under the Plan will not vest and be exercisable unless the vesting conditions (if any) have been satisfied and the Board has notified the Eligible Participant of that fact.
 - (f) The Board must notify an Eligible Participant in writing within 10 Business Days of becoming aware that any vesting conditions attaching to a Performance Right have been satisfied.
 - (g) Subject to the Corporations Act, the ASX Listing Rules and the Plan, the Company must issue to the participant or his or her personal representative (as the case may be) the number of Shares the participant is entitled to be issued in respect of vested Performance Rights or Options that are exercised, within 10 business days of the Performance Rights or Options being exercised.

- (h) A Performance Right will lapse upon the earlier to occur of:
- (i) an unauthorised dealing in, or hedging of, the Performance Right occurring, as governed by the Plan;
 - (ii) a vesting condition in relation to the Performance Right is not satisfied by the due date, or becomes incapable of satisfaction, as determined by the Board in its absolute discretion, unless the Board exercises its discretion to vest the Performance Right in accordance with the Plan;
 - (iii) a vested Performance Right is not exercised within the time limit specified in the Plan;
 - (iv) an Eligible Participant (or, where the participant is a nominee of the Eligible Participant, that Eligible Participant) ceases to be an Eligible Participant, unless the Board exercises its discretion to vest the Performance Right in accordance with the Plan;
 - (v) the Board deems that a Performance Right lapses due to fraud, dishonesty or other improper behaviour of the holder/Eligible Participant in accordance with the Plan;
 - (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 Performance Right in accordance with the Plan; and
 - (vii) the Expiry Date of the Performance Right.
- (i) The Board may, in its absolute discretion, by written notice to a participant, resolve to waive any of the vesting conditions applying to the Performance Rights or Options due to:
- (i) an Eligible Participant or, where the participant is a nominee of an Eligible Participant, that Eligible Participant, ceasing to be an Eligible Participant as a result of:
 - (A) death or total or permanent disability; or
 - (B) retirement or redundancy; or
 - (ii) an Eligible Participant or, where the participant is a nominee of an Eligible Participant, that Eligible Participant, suffering severe financial hardship;
 - (iii) any other circumstance stated in the terms of the relevant Offer made to and accepted by the participant;
 - (iv) a change of control occurring; or
 - (v) the Company passing a resolution for voluntary winding up, or an order is made for the compulsory winding up of the Company,

in which case, a participant (or their personal legal representative where applicable) may exercise any vested Performance Right at any time within one month of the Board notifies that the Performance Right has vested, failing which the Performance Right will lapse, by a signed written notice to the Board specifying the Performance Rights or Options being exercised and providing the certificate for those Performance Rights or Options.

**SCHEDULE 3 – MATERIAL TERMS AND CONDITIONS OF THE
PROPOSED COMPANY EMPLOYEE SECURITIES INCENTIVE PLAN**

A summary of the material terms of the Company's Employee Securities Incentive Plan (**Plan**) is set out below.

Eligible Participant	Eligible Participant means a person that is a 'primary participant' (as that term is defined in Division 1A of Part 7.12 of the Corporations Act) in relation to the Company or an Associated Body Corporate (as defined in the Corporations Act) and has been determined by the Board to be eligible to participate in the Plan from time to time.
Purpose	The purpose of the Plan is to: <ul style="list-style-type: none"> (i) assist in the reward, retention and motivation of Eligible Participants; (ii) link the reward of Eligible Participants to Shareholder value creation; and (iii) align the interests of Eligible Participants with shareholders of the Group (being the Company and each of its Associated Bodies Corporate), by providing an opportunity to Eligible Participants to receive an equity interest in the Company in the form of Shares, Options, Performance Rights and Convertible Securities (Securities).
Plan administration	The Plan will be administered by the Board. The Board may exercise any power or discretion conferred on it by the Plan rules in its sole and absolute discretion (except to the extent that it prevents the Participant relying on the deferred tax concessions under Subdivision 83A-C of the <i>Income Tax Assessment Act 1997</i> (Cth)). The Board may delegate its powers and discretion.
Eligibility, invitation and application	The Board may from time to time determine that an Eligible Participant may participate in the Plan and make an invitation to that Eligible Participant to apply for any (or any combination of) the Securities provided under the Plan on such terms and conditions as the Board decides. On receipt of an invitation, an Eligible Participant may apply for the Securities the subject of the invitation by sending a completed application form to the Company. The Board may accept an application from an Eligible Participant in whole or in part. If an Eligible Participant is permitted in the invitation, the Eligible Participant may, by notice in writing to the Board, nominate a party in whose favour the Eligible Participant wishes to renounce the invitation.
Grant of Securities	The Company will, to the extent that it has accepted a duly completed application, grant the Participant the relevant number and type of Securities, subject to the terms and conditions set out in the invitation, the Plan rules and any ancillary documentation required.
Rights attaching to Convertible Securities	A Convertible Security represents a right to acquire one or more Plan Shares in accordance with the Plan (for example, an Option or a Performance Right). Prior to a Convertible Security being exercised, the holder:

	<p>(a) does not have any interest (legal, equitable or otherwise) in any Share the subject of the Convertible Security other than as expressly set out in the Plan;</p> <p>(b) is not entitled to receive notice of, vote at or attend a meeting of the shareholders of the Company;</p> <p>(c) is not entitled to receive any dividends declared by the Company; and</p> <p>(d) is not entitled to participate in any new issue of Shares (see Adjustment of Convertible Securities section below).</p>
Vesting of Convertible Securities	<p>Any vesting conditions which must be satisfied before Convertible Securities can be exercised and converted to Shares will be described in the invitation. If all the vesting conditions are satisfied and/or otherwise waived by the Board, a vesting notice will be sent to the Participant by the Company informing them that the relevant Convertible Securities have vested. Unless and until the vesting notice is issued by the Company, the Convertible Securities will not be considered to have vested. For the avoidance of doubt, if the vesting conditions relevant to a Convertible Security are not satisfied and/or otherwise waived by the Board, that Convertible Security will lapse.</p>
Exercise of Convertible Securities and cashless exercise	<p>To exercise a Convertible Security, the Participant must deliver a signed notice of exercise and, subject to a cashless exercise of Convertible Securities (see next paragraph below), pay the exercise price (if any) to or as directed by the Company, at any time following vesting of the Convertible Security (if subject to vesting conditions) and prior to the expiry date as set out in the invitation or vesting notice.</p> <p>An invitation may specify that at the time of exercise of the Convertible Securities, the Participant may elect not to be required to provide payment of the exercise price for the number of Convertible Securities specified in a notice of exercise, but that on exercise of those Convertible Securities the Company will transfer or issue to the Participant that number of Shares equal in value to the positive difference between the Market Value of the Shares at the time of exercise and the exercise price that would otherwise be payable to exercise those Convertible Securities.</p> <p>Market Value means, at any given date, the volume weighted average price per Share traded on the ASX over the 5 trading days immediately preceding that given date, unless otherwise specified in an invitation.</p> <p>A Convertible Security may not be exercised unless and until that Convertible Security has vested in accordance with the Plan rules, or such earlier date as set out in the Plan rules.</p>
Timing of issue of Shares and quotation of Shares on exercise	<p>As soon as practicable after the valid exercise of a Convertible Security by a Participant, the Company will issue or cause to be transferred to that Participant the number of Shares to which the Participant is entitled under the Plan rules and issue a substitute certificate for any remaining unexercised Convertible Securities held by that Participant.</p>
Restrictions on dealing with	<p>A holder may not sell, assign, transfer, grant a security interest over or otherwise deal with a Convertible Security that has been granted to</p>

Convertible Securities	<p>them unless otherwise determined by the Board. A holder must not enter into any arrangement for the purpose of hedging their economic exposure to a Convertible Security that has been granted to them.</p> <p>However, in Special Circumstances as defined under the Plan (including in the case of death or total or permanent disability of the Participant) a Participant may deal with Convertible Securities granted to them under the Plan with the consent of the Board.</p>
Listing of Convertible Securities	<p>A Convertible Security granted under the Plan will not be quoted on the ASX or any other recognised exchange. The Board reserves the right in its absolute discretion to apply for quotation of an Option granted under the Plan on the ASX or any other recognised exchange.</p>
Forfeiture of Convertible Securities	<p>Convertible Securities will be forfeited in the following circumstances:</p> <ul style="list-style-type: none"> (a) where a Participant who holds Convertible Securities ceases to be an Eligible Participant (e.g. is no longer employed or their office or engagement is discontinued with the Group), all unvested Convertible Securities will automatically be forfeited by the Participant; (b) where a Participant acts fraudulently or dishonestly, negligently, in contravention of any Group policy or wilfully breaches their duties to the Group; (c) where there is a failure to satisfy the vesting conditions in accordance with the Plan; (d) on the date the Participant becomes insolvent; or (e) on the Expiry Date.
Change of control	<p>If a change of control event occurs, or the Board determines that such an event is likely to occur, the Board may in its discretion determine the manner in which any or all of the holder's Convertible Securities will be dealt with, including, without limitation, in a manner that allows the holder to participate in and/or benefit from any transaction arising from or in connection with the change of control event.</p>
Adjustment of Convertible Securities	<p>If there is a reorganisation of the issued share capital of the Company (including any subdivision, consolidation, reduction, return or cancellation of such issued capital of the Company), the rights of each Participant holding Convertible Securities will be changed to the extent necessary to comply with the Listing Rules applicable to a reorganisation of capital at the time of the reorganisation.</p> <p>If Shares are issued by the Company by way of bonus issue (other than an issue in lieu of dividends or by way of dividend reinvestment), the holder of Convertible Securities is entitled, upon exercise of the Convertible Securities, to receive an issue of as many additional Shares as would have been issued to the holder if the holder held Shares equal in number to the Shares in respect of which the Convertible Securities are exercised.</p> <p>Unless otherwise determined by the Board, a holder of Convertible Securities does not have the right to participate in a pro rata issue of Shares made by the Company or sell renounceable rights.</p>
Plan Shares	<p>The Board may, from time to time, make an invitation to an Eligible Participant to acquire Plan Shares under the Plan. The Board will</p>

	<p>determine in its sole and absolute discretion the acquisition price (if any) for each Plan Share which may be nil. The Plan Shares may be subject to performance hurdles and/or vesting conditions as determined by the Board.</p> <p>Where Plan Shares granted to a Participant are subject to performance hurdles and/or vesting conditions, the Participant's Plan Shares will be subject to certain restrictions until the applicable performance hurdles and/or vesting conditions (if any) have been satisfied, waived by the Board or are deemed to have been satisfied under the Rules.</p>
Rights attaching to Plan Shares	<p>All Shares issued or transferred under the Plan or issued or transferred to a Participant upon the valid exercise of a Convertible Security, (Plan Shares) will rank equally in all respects with the Shares of the same class for the time being on issue except for any rights attaching to the Shares by reference to a record date prior to the date of the allotment or transfer of the Plan Shares. A Participant will be entitled to any dividends declared and distributed by the Company on the Plan Shares and may participate in any dividend reinvestment plan operated by the Company in respect of Plan Shares. A Participant may exercise any voting rights attaching to Plan Shares.</p>
Disposal restrictions on Plan Shares	<p>If the invitation provides that any Plan Shares are subject to any restrictions as to the disposal or other dealing by a Participant for a period, the Board may implement any procedure it deems appropriate to ensure the compliance by the Participant with this restriction.</p> <p>For so long as a Plan Share is subject to any disposal restrictions under the Plan, the Participant will not:</p> <ul style="list-style-type: none"> (a) transfer, encumber or otherwise dispose of, or have a security interest granted over that Plan Share; or (b) take any action or permit another person to take any action to remove or circumvent the disposal restrictions without the express written consent of the Company.
General Restrictions on Transfer of Plan Shares	<p>If the Company is required but is unable to give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, Plan Shares issued under the Plan (including on exercise of Convertible Securities) may not be traded until 12 months after their issue unless the Company, at its sole discretion, elects to issue a prospectus pursuant to section 708A(11) of the Act.</p> <p>Restrictions are imposed by Applicable Law on dealing in Shares by persons who possess material information likely to affect the value of the Shares and which is not generally available. These laws may restrict the acquisition or disposal of Shares by you during the time the holder has such information.</p> <p>Any Plan Shares issued to a holder under the Plan (including upon exercise of Convertible Securities) shall be subject to the terms of the Company's Securities Trading Policy.</p>
Buy-Back	<p>Subject to applicable law, the Company may at any time buy-back Securities in accordance with the terms of the Plan.</p>
Employee Share Trust	<p>The Board may in its sole and absolute discretion use an employee share trust or other mechanism for the purposes of holding Convertible Securities for holders under the Plan and delivering</p>

	Shares on behalf of holders upon exercise of Convertible Securities.
Maximum number of Securities	The Company will not make an invitation under the Plan which involves monetary consideration if the number of Plan Shares that may be issued, or acquired upon exercise of Convertible Securities offered under an invitation, when aggregated with the number of Shares issued or that may be issued as a result of all invitations under the Plan during the 3 year period ending on the day of the invitation, will exceed 5% of the total number of issued Shares at the date of the invitation (unless the Constitution specifies a different percentage and subject to any limits approved by Shareholders under Listing Rule 7.2 Exception 13(b) – refer to Resolution 5 and Section 6.2).
Amendment of Plan	<p>Subject to the following paragraph, the Board may at any time amend any provisions of the Plan rules, including (without limitation) the terms and conditions upon which any Securities have been granted under the Plan and determine that any amendments to the Plan rules be given retrospective effect, immediate effect or future effect.</p> <p>No amendment to any provision of the Plan rules may be made if the amendment materially reduces the rights of any Participant as they existed before the date of the amendment, other than an amendment introduced primarily for the purpose of complying with legislation or to correct manifest error or mistake, amongst other things, or is agreed to in writing by all Participants.</p>
Plan duration	<p>The Plan continues in operation until the Board decides to end it. The Board may from time to time suspend the operation of the Plan for a fixed period or indefinitely and may end any suspension. If the Plan is terminated or suspended for any reason, that termination or suspension must not prejudice the accrued rights of the Participants.</p> <p>If a Participant and the Company (acting by the Board) agree in writing that some or all of the Securities granted to that Participant are to be cancelled on a specified date or on the occurrence of a particular event, then those Securities may be cancelled in the manner agreed between the Company and the Participant.</p>
Income Tax Assessment Act	The Plan is a plan to which Subdivision 83A-C of the <i>Income Tax Assessment Act 1997</i> (Cth) applies (subject to the conditions in that Act) except to the extent an invitation provides otherwise.

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

Holder Number:

Your proxy voting instruction must be received by **10.30am (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/#/login>

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:

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Sydney NSW 2000

BY EMAIL:

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BY FACSIMILE:

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All enquiries to Automic:

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

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

