

21 October 2024



Dear Shareholders

### **QEM – UPCOMING ANNUAL GENERAL MEETING**

QEM Limited (ASX: QEM) (**QEM** or the **Company**) will be holding its Annual General Meeting at **10.00am** (AEST) on **Wednesday, 20 November 2024** at HopgoodGanim Lawyers, Level 8, Waterfront Place, 1 Eagle Street, Brisbane QLD 4000.

In accordance with section 110D(1) of the *Corporations Act 2001* (Cth), the Company will not be sending hard copies of the Notice of Meeting (**Notice**) to shareholders unless a shareholder has made a valid election to receive such documents in hard copy. The Notice can be viewed and downloaded from the Company's website at [www.qldem.com.au](http://www.qldem.com.au) or ASX at [www.asx.com.au](http://www.asx.com.au).

The Company strongly encourages Shareholders to lodge a directed proxy form prior to the meeting. Questions should also be submitted in advance of the Meeting as this will provide management with the best opportunity to prepare for the meeting, for example by preparing answers in advance to Shareholders questions. However, votes and questions may also be submitted during the Meeting.

Please find below link to the Notice of Meeting and Explanatory Memorandum:  
<https://www.qldem.com.au/investor-centre/#asx>

Alternatively, a complete copy of the Notice of Meeting and Explanatory Statement has been posted on the Company's ASX market announcements page.

If you have nominated an email address and have elected to receive electronic communications from the Company, you will also receive an email to your nominated email address with a link to an electronic copy of the Notice of Meeting and Explanatory Statement.

In order to receive electronic communications from the Company in the future, please update your Shareholder details online at <https://investor.automic.com.au/#/home> and log in with your unique shareholder identification number and postcode (or country for overseas residents), where you can find on your enclosed personalised proxy form. Once logged in you can also lodge your proxy vote online.

If you are unable to access the Notice of Meeting and Explanatory Memorandum online please contact the Company Secretary, Mr Duncan Cornish on (07) 3212 6299 or via email at [dcornish@corpservices.com.au](mailto:dcornish@corpservices.com.au)

Authorised for release by

Duncan Cornish  
Company Secretary

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# Notice of Annual General Meeting

QEM Limited  
ACN 167 966 770



**QEM**

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Date of Meeting: Wednesday, 20 November 2024

Time of Meeting: 10.00am (AEST)

Venue: HopgoodGanim Lawyers, Level 8, Waterfront Place, 1 Eagle Street,  
Brisbane Qld 4000

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Notice is given that a General Meeting of Shareholders of QEM Limited ACN 167 966 770 (**Company**) will be held at HopgoodGanim Lawyers, Level 8, Waterfront Place, 1 Eagle Street, Brisbane Qld 4000, on Wednesday, 20 November 2024 at 10.00am (AEST).

Terms used in this Notice of Meeting are defined in the Glossary forming part of the Explanatory Statement.

The Explanatory Statement and the Proxy Form accompanying this Notice of Meeting are incorporated in and comprise part of this Notice of Meeting.

**Shareholders are encouraged to vote by lodging the proxy form attached to the Notice**

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

The Notice of Annual General Meeting should be read in its entirety. If Shareholders are in doubt as to how to vote, they should seek advice from a suitably qualified professional advisor 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 General Meeting are those who are registered Shareholders at 7.00pm (AEST) on 18 November 2024.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on (07) 3212 6299.

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## AGENDA

### Annual Report and Accounts

To consider the Annual Report of the Company and its controlled entities for the financial year ended 30 June 2024, which includes the Financial Report, the Directors' Report and the Auditor's Report.

*No resolution is required to be passed on this item.*

#### 1. Resolution 1 – Remuneration Report

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

*“That the Remuneration Report be adopted by Shareholders on the terms and conditions in the Explanatory Memorandum.”*

#### 2. Resolution 2 – Re-election of Daniel Harris as a Director of the Company

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

*“That Mr. Daniel Harris, who retires by rotation in accordance with Article 7.2(b) of the Constitution, Listing Rule 14.5 and for all other purposes, and, being eligible and offering himself for re-election, is re-elected as a Director on the terms and conditions in the Explanatory Memorandum.”*

#### 3. Resolution 3 - Approval to issue Options to Mr Gavin Loyden

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

*“That the issue of up to 2,500,000 Options to Mr Gavin Loyden (or his nominee) is approved under and for the purposes of Listing Rule 10.11, sections 195(4) and 208 of the Corporations Act and for all other purposes, on the terms and conditions in the Explanatory Memorandum.”*

#### 4. Resolution 4 - Approval to issue Share Performance Rights to Mr Tim Wall

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

*“That the issue of up to 1,500,000 Share Performance Rights to Mr Tim Wall (or his nominee) is approved under and for the purposes of Listing Rule 10.11, sections 195(4) and 208 of the Corporations Act and for all other purposes, on the terms and conditions in the Explanatory Memorandum.”*

#### 5. Resolution 5 – Approval to issue Share Performance Rights to Mr Daniel Harris

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

*“That the issue of up to 750,000 Share Performance Rights to Mr Daniel Harris (or his nominee) is approved under and for the purposes of Listing Rule 10.11, sections 195(4) and 208 of the Corporations Act and for all other purposes, on the terms and conditions in the Explanatory Memorandum.”*

#### 6. Resolution 6 – Approval to issue Share Performance Rights to Mr Tony Pearson

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

*“That the issue of up to 750,000 Share Performance Rights to Mr Tony Pearson (or his nominees) is approved under and for the purposes of Listing Rule 10.11, sections 195(4) and 208 of the Corporations Act and for all other purposes, on the terms and conditions in the Explanatory Memorandum.”*

## 7. Resolution 7 – Approval of 10% Placement Facility

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

*“That, under and for the purposes of Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities of up to 10% of the fully paid ordinary issued capital of the Company (at the time of issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2, over a 12 month period from the date of the Meeting (or such shorter time period as described in Listing Rule 7.1A.1), at a price not less than that determined pursuant to Listing Rule 7.1A.3 and otherwise on the terms and conditions in the Explanatory Memorandum (10% Placement Facility).”*

## VOTING EXCLUSIONS

Pursuant to the Listing Rules, the Company will disregard any votes cast in favour of:

- (a) Resolution 3, Resolution 4, Resolution 5 and Resolution 6 by or on behalf of Mr Gavin Loyden, Mr Tim Wall, Mr Daniel Harris and Mr Tony Pearson (or their respective nominees) respectively, 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 Shareholder), or any of their respective associates;
- (b) Resolution 7, if at the time of the Meeting, the Company is proposing to make an issue of Equity Securities under the 10% Placement Facility, any person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a Shareholder), or any associate of those persons. In these circumstances (and in accordance with the note set out in Listing Rule 14.11.1 relating to Listing Rules 7.1 and 7.1A), for a person's vote to be excluded, it must be known that that person will participate in the proposed issue. Where it is not known who will participate in the proposed issue (as is the case in respect of the 10% Placement Facility), Shareholders must consider the proposal on the basis that they may or may not get a benefit and that it is possible that their holding will be diluted and there is no reason to exclude their votes.

The above voting exclusion does not apply to a vote cast in favour of the relevant Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution 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

**Resolution 1:** In accordance with sections 250BD and 250R of the Corporations Act, a vote on this Resolution must not be cast (in any capacity) by or on behalf of a member of the Key Management Personnel details of whose remuneration are included in the Remuneration Report, or a Closely Related Party of such a member.

A vote may be cast by such person if the vote is not cast on behalf of a person who is excluded from voting on this Resolution, and:

- (a) the person 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 does not specify the way the proxy is to vote on this Resolution, but expressly authorises the Chair to exercise the proxy even if this Resolution is connected with the remuneration of a member of the Key Management Personnel.

**Resolution 3, Resolution 4, Resolution 5, and Resolution 6:** In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on Resolutions 3 – 6 (inclusive) if:

- (a) the proxy is either a member of the Key Management Personnel or a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on the 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 if the Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

**Resolution 3, Resolution 4, Resolution 5, and Resolution 6:** In accordance with section 224 of the Corporations Act, a vote on these Resolutions must not be cast (in any capacity) by or on behalf of a related party of the Company to whom the Resolutions would permit a financial benefit to be given, or an associate of such a related party.

However, the above prohibition does not apply if:

- (a) it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the Resolution; and
- (b) it is not cast on behalf of a related party of the Company to whom the Resolution would permit a financial benefit to be given, or an associate of such a related party.

Please note: If the Chair is a person referred to in the section 224 Corporations Act voting prohibition statement above, the Chair will only be able to cast a vote as proxy for a person who is entitled to vote if the Chair is appointed as proxy in writing and the Proxy Form specifies how the proxy is to vote on the relevant Resolution.

If you purport to cast a vote other than as permitted above, that vote will be disregarded by the Company (as indicated above) and you may be liable for breaching the voting restrictions that apply to you under the Corporations Act.

## **BY ORDER OF THE BOARD**

Duncan Cornish  
Company Secretary  
Dated: 14 October 2024

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## IMPORTANT INFORMATION ABOUT VOTING ON THE RESOLUTIONS

### Voting and attendance information

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

### Voting in person

To vote in person, attend the Meeting at the time, date and place set out above. You may still attend the Meeting and vote in person even if you have appointed a proxy. If you have previously submitted a Proxy Form, your attendance will not revoke your proxy appointment unless you actually vote at the Meeting for which the proxy is proposed to be used, in which case, the proxy's appointment is deemed to be revoked with respect to voting on that Resolution.

### Voting by proxy

Shareholders are encouraged to vote by completing a Proxy Form.

Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

Lodgement instructions (which include the ability to lodge proxies electronically) are set out in the Proxy Form to the Notice of Meeting and Proxy Forms must be received by the Company no later than 10.00am (AEST) on Monday, 18 November 2024 being at least 48 hours before the Meeting.

Proxy Forms can be lodged:

Online:	<a href="https://investor.automic.com.au/#/loginsah">https://investor.automic.com.au/#/loginsah</a>
By mail:	Automic GPO Box 5193 Sydney NSW 2001
In person:	Automic Level 5, 126 Phillip Street Sydney NSW 2000
By email:	<a href="mailto:meetings@automicgroup.com.au">meetings@automicgroup.com.au</a>
By mobile:	Scan the QR Code on your Proxy Form and follow the prompts

### Chair's voting intentions

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

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

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## EXPLANATORY MEMORANDUM

The Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held at HopgoodGanim Lawyers, Level 8, Waterfront Place, 1 Eagle Street, Brisbane Qld 4000 on Wednesday, 20 November 2024 at 10.00am (AEST).

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

### Annual Report and Accounts

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In accordance with section 317 of the Corporations Act, Shareholders will be offered the opportunity to discuss the Annual Report, including the Financial Report, the Directors' Report and the Auditor's Report for the financial year ended 30 June 2024.

There is no requirement for Shareholders to approve the Annual Report. At the Meeting, Shareholders will be offered the opportunity to:

- (a) discuss the Annual Report which is available online at <https://qldem.com.au/investor-centre/>;
- (b) ask questions about, or comment on, the management of the Company; and
- (c) ask the auditor questions about the conduct of the audit and the preparation and content of the Auditor's Report.

In addition to taking questions at the Meeting, written questions to the Chair about the management of the Company, or to the Company's auditor about:

- (a) the preparation and content of the Auditor's Report;
- (b) the conduct of the audit;
- (c) accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- (d) the independence of the auditor in relation to the conduct of the audit,

may be submitted no later than five business days before the Meeting to the Company Secretary at the Company's registered office.

## 1. Resolution 1 – Remuneration Report

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### 1.1. General

In accordance with subsection 250R(2) of the Corporations Act, the Company must put the Remuneration Report to the vote of Shareholders. The Directors' Report contains the Remuneration Report which sets out the remuneration policy for the Company and the remuneration arrangements in place for the executive Directors, specified executives and non-executive Directors.

In accordance with subsection 250R(3) of the Corporations Act, Resolution 1 is advisory only and does not bind the Directors. If Resolution 1 is not passed, the Directors will not be required to alter any of the arrangements in the Remuneration Report.

If the Company's Remuneration Report receives a 'no' vote of 25% or more (**Strike**) at two consecutive annual general meetings, Shareholders will have the opportunity to remove the whole Board, except the managing director (if any).

Where a resolution on the Remuneration Report receives a Strike at two consecutive annual general meetings, the Company will be required to put to Shareholders at the second annual general meeting a resolution on whether another meeting should be held (within 90 days) at which all Directors (other than the managing

director, if any) who were in office at the date of approval of the applicable Directors' Report must stand for re-election.

The Company's Remuneration Report did not receive a Strike at the 2023 annual general meeting held on 9 November 2023. Shareholders should be aware that if the Remuneration Report receives a Strike at this Meeting, this may result in the re-election of the Board if a second Strike is received at the 2025 annual general meeting.

The Chair will allow a reasonable opportunity for Shareholders as a whole to ask about, or make comments on the Remuneration Report.

Resolution 1 is an ordinary resolution.

Given the material personal interests of all Directors in this Resolution and in the interests of corporate governance, the Board makes no recommendation to Shareholders regarding this Resolution.

## **2. Resolution 2 – Re-election of Daniel Harris as a Director of the Company**

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### **2.1. General**

Article 7.2(b) of the Constitution and Listing Rule 14.5 both provide that at least one Director (excluding the Managing Director) must stand for re-election at each annual general meeting.

Article 7.4 of the Constitution provides that a Director who retires in accordance with Article 7.2 is eligible for re-election.

Non-Executive Director Mr Daniel Harris was last elected at the annual general meeting held on 17 November 2022. Accordingly, Mr Harris retires at this Meeting and, being eligible, seeks re-election pursuant to Resolution 2.

If elected, the Board considers Mr Harris to be an independent Director.

### **2.2. Mr Daniel Harris**

Mr Daniel Harris is a seasoned and highly experienced mining executive and director. He has most recently held the role of interim CEO and managing director of ASX listed Atlas Iron Limited, a mid-sized, independent Australian iron ore mining company with operations in the Northern Pilbara of Western Australia.

Mr Harris has been involved in all aspects of the vanadium industry for over 45 years and held both COO and CEO positions in Atlantic Ltd. The company's subsidiary, Midwest Vanadium, owned a \$500 million-dollar production plant and vanadium mine in Western Australia. As COO, Mr Harris was tasked with the start-up of the newly constructed vanadium plant and brought it into commercial operation.

Mr Harris is also the former Vice President of EVRAZ Plc, Vanadium assets responsible for their global vanadium business. EVRAZ plc is a £4.2 billion publicly traded steel, mining and vanadium business with operations in the Russian Federation, Ukraine, Europe, USA, Canada and South Africa. EVRAZ consolidated vanadium business produced and marketed approximately one third of the world's vanadium supply, with annual turnover, in excess of \$600 million dollars.

Prior to EVRAZ, Mr Harris held numerous positions with Strategic Minerals Corporation. Throughout his 30 years with the company, he advanced his career from junior engineer, through to CFO and CEO roles within the group and was responsible for increasing the capacity of the Hot Springs Project by 50%.

Mr Harris is a non-executive director on the Board of Australian Vanadium Ltd, a Perth based vanadium company now finalizing a DFS for their Gabanintha vanadium project. Additionally, Mr Harris was until recently an Executive Director and member of the board of U. S. Vanadium, Ltd, a US based vanadium producer of high purity vanadium oxides and chemicals.



Mr Harris also acts as non-executive director to GSA Environmental in the UK, a process engineering company that is well credentialed in the vanadium and oil industries. GSA is the UK's leading technology company for extraction and recovery of metals from ashes, minerals, refinery residues, spent catalyst and industrial by-products.

Mr Harris brings a wealth of experience, in all aspects of mining and project development and will assist the Company in creating a world class project in Queensland, Australia.

### 2.3. Board recommendation

Resolution 2 is an ordinary resolution.

The Board (other than Mr Harris) recommends that Shareholders vote in favour of Resolution 2.

## 3. Resolution 3 – Approval to issue Options to Mr Gavin Loyden

### 3.1. General

The Company is proposing, subject to Shareholder approval, to issue up to a total of 2,500,000 Options exercisable at \$0.14 each to the Managing Director Gavin Loyden (or his nominee) in lieu of part of his cash remuneration as Managing Director of the Company (**Managing Director Options**). In response to difficult capital market conditions, Mr Loyden has agreed to a 10% reduction to his base remuneration for a period of 12 months.

The Options also provide an incentive component to Mr Loyden's remuneration package, and aligns his interests with those of Shareholders. The Board considers that the number of Managing Director Options to be granted is commensurate with Mr Loyden's value to the Company and is an appropriate method to provide cost effective remuneration. The Board believes it is important to offer these Managing Director Options to continue to attract and maintain highly experienced and qualified Board members in a competitive market.

The Managing Director Options are exercisable subject to the satisfaction of the relevant Vesting Conditions as set out below:

Tranche	No. of Options	Vesting Condition	Expiry
1	500,000	1. Completion of Core floatation and beneficiation test work completed by 31 March 2025; 2. UQ Technical Studies completed by 30 September 2025; and 3. Continuous employment to 30 September 2025.	1 October 2027
2	500,000	1. Completion of necessary test-work and pre-PFS deliverables necessary to enter a Pre-Feasibility Study by 30 September 2025; 2. Delivery of scope, schedule and cost proposals ready to enter a Pre-Feasibility Study by 30 September 2025; and 3. Continuous employment to 30 September 2025.	1 October 2027
3	500,000	1. QEM securing a strategic investor by 26 August 2027; and 2. Continuous employment to 26 August 2027.	31 July 2028
4	1,000,000	1. Delivery of a Pre-Feasibility Study by 1 July 2026; and 2. Continuous employment to 1 July 2026.	31 July 2028
<b>Total</b>	2,500,000		

Resolution 3 seeks the approval of Shareholders for the issue of the Managing Director Options to Mr Loyden or his nominee under and for the purposes of Listing Rule 10.11.

### 3.2. Listing Rule 10.11

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

- (a) a related party (Listing Rule 10.11.1);
- (b) a person who is, or was at any time in the 6 months before the issue or agreement, a substantial holder (30%+) in the company (Listing Rule 10.11.2);
- (c) a person who is, or was at any time in the 6 months before the issue or agreement, a substantial holder (10%+) in the company and who has nominated a director to the board of the company pursuant to a relevant agreement which gives them a right or expectation to do so (Listing Rule 10.11.3);
- (d) an associate of a person referred to in Listing Rules 10.11.1 to 10.11.3 (Listing Rule 10.11.4); or
- (e) a person whose relation with the company or a person referred to in Listing Rule 10.11.1 or 10.11.4 is such that, in ASX's opinion, the issue or agreement should be approved by its shareholders (Listing Rule 10.11.5),

unless it obtains the approval of its shareholders.

The proposed issue of Managing Director Options to the Mr Loyden falls within Listing Rule 10.11.1 and does not fall within any of the exceptions in Listing Rule 10.12. The proposed issue therefore requires the approval of Shareholders under Listing Rule 10.11.

Resolution 3 seeks the required Shareholder approval to the proposed issues of Managing Director Options under and for the purposes of Listing Rule 10.11.

If Resolution 3 is passed, the Company will be able to proceed with the issue of the Managing Director Options to Mr Loyden (or his nominee) and he will be remunerated accordingly.

If Resolution 3 is not passed, the Company will not be able to proceed with the issue of the Managing Director Options to Mr Loyden (or his nominee) and the Company may need to consider other forms of remuneration and incentive remuneration, including by the payment of cash.

Listing Rule 7.2 (Exception 14) provides that where an issue of Equity Securities is approved by Shareholders under Listing Rule 10.11, then it will be excluded from the calculation of the Company's 15% annual placement capacity pursuant to Listing Rule 7.1. Accordingly, as Shareholder approval is sought under Listing Rule 10.11, the Board is not seeking Shareholder approval for the issue of the Share Performance Rights under Listing Rule 7.1.

### 3.3. Specific information required by Listing Rule 10.13

Under and for the purposes of Listing Rule 10.13, the following information is provided in relation to the proposed issue of Managing Director Options:

- (a) the Managing Director Options are proposed to be issued to Mr Gavin Loyden (or his nominee);
- (b) Mr Loyden is a related party of the Company by virtue of being the Managing Director and falls into the category stipulated by Listing Rule 10.11.1. In the event the Managing Director Options are issued to a nominee, that person will fall into the category stipulated by Listing Rule 10.11.4;
- (c) a maximum of 2,500,000 Managing Director Options will be issued to Mr Gavin Loyden (or his nominee) in the Tranches set out in Section 3.1;
- (d) the Managing Director Options will all be issued with an exercise price of \$0.14 per Option and various expiry dates as are set out in Section 3.1 and otherwise on the terms set out in Schedule 1;
- (e) subject to Shareholder approval, the Managing Director Options will all be issued no later than one month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules);

- (f) the Managing Director Options will be issued for nil cash consideration as they will be issued as part of the Directors' remuneration package, and therefore no funds will be raised as a result of the issue. However, if all of the Managing Director Options are exercised prior to their expiry dates, the Company will raise \$350,000 from payment of the exercise prices of those Managing Director Options. Funds raised upon any exercise of the Managing Director Options are intended to be used for general working capital purposes;
- (g) the current total remuneration paid to Mr Loyden during the year ended 30 June 2024 (and disclosed in the 2024 Annual Report) is set out below:

Remuneration (per annum)	Gavin Loyden
Salary and fees	308,990
Non-monetary benefits	8,323
Leave entitlements	51,683
Superannuation	33,989
Equity-based payments	22,209
<b>TOTAL</b>	<b>425,194</b>

Following a review by the Board, Mr Loyden's base remuneration package was increased to \$340,000 plus superannuation per annum, effective from 25 February 2024. In response to difficult capital market conditions, Mr Loyden has agreed to a 10% reduction (equating to \$34,000 per annum) to his base remuneration from 1 November 2024.

The value attributed by the Company to the Managing Director Options proposed to be granted is \$54,115. Given the Managing Director Options are not currently listed and have no publicly available price, this value was determined by an independent valuation using the Black Scholes Model, overlaid with some Board discretion (as set out in Schedule 2). The key underlying assumptions of the valuation are summarised below (and set out full in Schedule 2):

- the Company's Share price being \$0.092 per Share (being the closing Share price as at 11 October 2024);
- the Expiry Dates being 1 October 2027 (for Tranches 1 and 2) and 31 July 2028 (for Tranches 3 and 4);
- a volatility measure of 70%;
- a risk-free interest rate of 3.72%;
- a nil dividend yield; and
- the likelihood of meeting the vesting conditions for Tranches 1, 2 and 3 being 'more likely than not' (and therefore valued at 100% of the Black Scholes valuation) and Tranche 4 being unlikely (and therefore given a nil accounting value).

The value that Mr Loyden actually receives from the grant will depend on the number of Managing Director Options that vest (if any) and the value of the Company's Shares at that time.

Neither the value of the Shares nor the value of the Managing Director Options the subject of Resolution 3 are reflected in the table above.

- (h) the Managing Director Options are not being issued under any agreement; and
- (i) a voting exclusion statement is included in the Notice.

### 3.4. Chapter 2E of the Corporations Act

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

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

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

The grant of the Managing Director Options constitutes giving a financial benefit to a related party by virtue of Mr Loyden being Managing Director.

It is the view of Directors that the exceptions set out in sections 210 to 216 of the Corporations Act may not apply. Accordingly, the Company is seeking Shareholder approval for the purposes of Chapter 2E of the Corporations Act in respect of the Managing Director Options proposed to be issued to the Managing Director (or his nominee) in accordance with Resolution 3.

### **3.5. Information requirements for Chapter 2E of the Corporations Act**

Pursuant to and in accordance with section 219 of the Corporations Act, the following information is provided in relation to the proposed issue of Managing Director Options:

#### **(a) Identity of the related party to whom Resolution 3 permits financial benefits to be given**

The Managing Director Options will be issued to Mr Gavin Loyden (or his nominee).

#### **(b) Directors' interest in the outcome**

The Managing Director has an interest in the outcome of this Resolution 3 because he (or his nominee) is the proposed recipient of the Managing Director Options.

The remaining Directors do not have any interest in the outcome of this Resolution 3.

#### **(c) Nature of the financial benefit**

As outlined above, Resolution 3 seeks approval from Shareholders to allow the Company to issue up to 2,500,000 Managing Director Options to Mr Gavin Loyden (or his nominee) in the Tranches set out in Section 3.1. The Managing Director Options are to be issued on the material terms and conditions in Schedule 1.

The Shares to be issued upon conversion of the Managing Director Options will be Shares on the same terms and conditions as the Company's existing Shares and will rank equally in all respects.

The Company will apply for official quotation of any resultant Shares on ASX in the ordinary course.

The Managing Director Options provide an incentive component to Mr Loyden's remuneration package, and aligns his interests with those of Shareholders. The Board considers that the number of Managing Director Options to be granted is commensurate with Mr Loyden's value to the Company and is an appropriate method to provide cost effective remuneration. The Board believes it is important to offer these Managing Director Options to continue to attract and maintain highly experienced and qualified Board members in a competitive market.

As noted above, Mr Loyden has agreed to a 10% reduction to his base remuneration for a 12 month period from 1 November 2024. This equates to \$34,000 per annum. The accounting value of the options offered to Mr Loyden is estimated to be \$54,115. The Board believe the number (and value) of the options is appropriate to reflect the salary reduction and provide incentive to Mr Loyden.

#### **(d) Valuation of the financial benefit**

The Black Scholes Model valuation of the Managing Director Options is set out in Schedule 2, with a summary in Section 3.3(g) above.

#### **(e) Remuneration of related party**

As at the date of this Notice, the current total remuneration package of Mr Loyden is as set out in Section 3.3(g) above.

**(f) Existing relevant interests**

At the date of this Notice, Mr Loyden holds following relevant interests in Equity Securities of the Company:

Director	Shares	Unquoted Options <sup>(1)</sup>	Performance Rights
Gavin Loyden	20,730,690	2,000,000	625,000

*Note:*

*(1) Unquoted Options exercisable at \$0.345 @ 12-Aug-25*

Assuming that Resolution 3 is approved by Shareholders, all of the Managing Director Options are issued, vested and exercised into Shares, and no other Equity Securities are issued or exercised, Mr Loyden's interest would represent approximately 15.1% of the Company's expanded capital.

The Company is currently undertaking a renounceable rights issue, which is currently scheduled to close on 18 October 2024 – the maximum number of Shares that may be issued under that rights issue is 43,254,775. Shareholders should refer to the Prospectus dated 23 September 2024 (as supplemented on 8 October 2024 and 14 October 2024 and from time to time) for further information in this regard. In addition, Mr Loyden has indicated an intention to participate in the rights issue as a sub-underwriter, details of which are disclosed in Section 4.4 of the Prospectus.

**(g) Trading History**

The highest and lowest closing market sale prices of Shares on ASX in the 12 months before the date of this Notice is set out below:

	Price	Date
Highest	\$0.20	4 January 2024
Lowest	\$0.086	24 September 2024

The latest available closing market sale price of the Shares on the ASX prior to the date of this Notice was \$0.092 on 11 October 2024.

**(h) Dilution**

The issue of the Managing Director Options will have a diluting effect on the percentage interests of existing Shareholders' holdings if the Managing Director Options vest and are exercised. The potential dilution effect is summarised below:

Managing Director Options	Dilutionary effect
Tranche 1	0.33%
Tranche 2	0.33%
Tranche 3	0.33%
Tranche 4	0.66%

The above table is based on the current Share capital of the Company immediately before the date of this Notice, being 151,391,712 Shares as at 11 October 2024 and assumes that no Shares are issued other than the Shares issued on exercise of the Managing Director Options. The exercise of all of the Managing Director Options in this scenario would result in total dilution of all other Shareholders' holding of approximately 1.62% on a fully diluted basis (assuming that all Managing Director Options are exercised). The actual dilution will depend on the extent that additional Shares are issued by the Company before the exercise of the Managing Director Options.

The Company is currently undertaking a renounceable rights issue, which is currently scheduled to close on 18 October 2024 – the maximum number of Shares that may be issued under that rights issue is 43,254,775. Shareholders should refer to the Prospectus dated 23 September 2024 (as supplemented on 8 October 2024 and 14 October 2024 and from time to time) for further information in this regard. In addition, Mr Loyden has indicated an intention to participate in the rights issue as a sub-underwriter, details of which are disclosed in Section 4.4 of the Prospectus.

**(i) Corporate Governance**

Mr Gavin Loyden is an executive director of the Company and therefore the Board believes that the grant of the Managing Director Options is in line with Recommendation 8.2 of the 4th edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations.

**(j) Taxation consequences**

There are no taxation consequences for the Company arising from the issue of the Managing Director Options (including fringe benefits tax).

**(k) Other information**

The Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolution 3.

**(l) Director recommendation**

The Directors (with Mr Loyden abstaining from making a recommendation due to his material personal interest in the outcome of this Resolution 3) recommend that Shareholders vote **in favour** of this Resolution 3.

### **3.6. Section 195(4) of the Corporations Act**

Section 195 of the Corporations Act broadly provides that subject to a number of exceptions or shareholder approval being obtained, that a director of a public company may not vote or be present during meetings of directors when matters in which that director holds a material personal interest are being considered.

Notwithstanding that the issue of the Managing Director Options arises in relation to the Managing Director's remuneration as a Director of the Company and that no other Director has an interest in the outcome of this Resolution 3, as all Directors are proposed to receive Securities (subject to shareholder approval), the Directors have exercised their right under section 195(4) of the Corporations Act to put the matter to Shareholders for approval.

### **3.7. Board recommendation**

Resolution 3 is an ordinary resolution.

The Directors (with Mr Loyden abstaining from making a recommendation due to his material personal interest in the outcome of this Resolution 3) recommend that Shareholders vote **in favour** of this Resolution 3.

## **4. Resolutions 4 to 6 - Approval to issue Share Performance Rights to Mr Tim Wall, Mr Daniel Harris and Mr Tony Pearson**

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### **4.1. General**

The Company is proposing, subject to Shareholder approval, to issue up to a total of 3,000,000 Share Performance Rights collectively to Chairman Mr Tim Wall and Non-Executive Directors Mr Daniel Harris and Mr Tony Pearson (or their respective nominees) in lieu of part of their cash remuneration and as a future incentive. In response to difficult capital market conditions, the non-executive Directors have agreed to reductions to their fees (as set out in more detail in Section 4.3(g) below).

The Share Performance Rights provide an incentive component to the Directors' remuneration package, and aligns their interests with those of Shareholders. The Board considers that the number of Share Performance

Rights to be granted to Directors is commensurate with their value to the Company and is an appropriate method to provide cost effective remuneration. The Board believes it is important to offer these Share Performance Rights to continue to attract and maintain highly experienced and qualified Board members in a competitive market.

The Share Performance Rights will be issued for nil cash consideration and in lieu of part of their cash remuneration, exercisable as set out below:

Director	No. of Share Performance Rights		Performance Hurdle	Expiry
	Tim Wall	Tony Pearson and Daniel Harris (each)		
Tranche 1	400,000	200,000	Continuous employment to 30 November 2025	31 July 2028
	300,000	150,000	Continuous employment to 30 November 2026	31 July 2028
	200,000	100,000	Continuous employment to 30 November 2027	31 July 2028
Tranche 2	200,000	100,000	1. Securing a strategic investor by 26 August 2027; and 2. Continuous employment to 26 August 2027	31 July 2028
Tranche 3	400,000	200,000	1. Delivery of a Pre-Feasibility Study by 1 July 2026; and 2. Continuous employment to 1 July 2026	31 July 2028
Total	1,500,000	750,000 (each)		

Resolutions 4 to 6 seek the approval of Shareholders for the issue of the Share Performance Rights to the Directors or their nominees under and for the purposes of Listing Rule 10.11.

#### 4.2. Listing Rule 10.11

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

- (f) a related party (Listing Rule 10.11.1);
- (g) a person who is, or was at any time in the 6 months before the issue or agreement, a substantial holder (30%+) in the company (Listing Rule 10.11.2);
- (h) a person who is, or was at any time in the 6 months before the issue or agreement, a substantial holder (10%+) in the company and who has nominated a director to the board of the company pursuant to a relevant agreement which gives them a right or expectation to do so (Listing Rule 10.11.3);
- (i) an associate of a person referred to in Listing Rules 10.11.1 to 10.11.3 (Listing Rule 10.11.4); or
- (j) a person whose relation with the company or a person referred to in Listing Rule 10.11.1 or 10.11.4 is such that, in ASX's opinion, the issue or agreement should be approved by its shareholders (Listing Rule 10.11.5),

unless it obtains the approval of its shareholders.

The proposed issue of Share Performance Rights to the Directors falls within Listing Rule 10.11.1 and does not fall within any of the exceptions in Listing Rule 10.12. The proposed issue therefore requires the approval of Shareholders under Listing Rule 10.11.

Resolutions 4, 5 and 6 seek the required Shareholder approval to the proposed issues of Share Performance Rights under and for the purposes of Listing Rule 10.11.

If Resolutions 4, 5 and 6 are passed, the Company will be able to proceed with the issue of the Share Performance Rights to Messrs Wall, Harris and Pearson (or their respective nominees) and they will be remunerated accordingly.

If Resolutions 4, 5 and 6 are not passed, the Company will not be able to proceed with the issue of the Share Performance Rights to Messrs Wall, Harris and Pearson (or their respective nominees) and the Company may need to consider other forms of remuneration and incentive remuneration, including by the payment of cash.

Listing Rule 7.2 (Exception 14) provides that where an issue of Equity Securities is approved by Shareholders under Listing Rule 10.11, then it will be excluded from the calculation of the Company's 15% annual placement capacity pursuant to Listing Rule 7.1. Accordingly, as Shareholder approval is sought under Listing Rule 10.11, the Board is not seeking Shareholder approval for the issue of the Share Performance Rights under Listing Rule 7.1.

#### 4.3. Specific information required by Listing Rule 10.13

Under and for the purposes of Listing Rule 10.13, the following information is provided in relation to the proposed issue of Share Performance Rights:

- (a) Tim Wall, Daniel Harris and Tony Pearson (or their respective nominees) are the proposed recipients of the Share Performance Rights;
- (b) Messrs Wall, Harris and Pearson are each related parties of the Company by virtue of being a Director and fall into the category stipulated by Listing Rule 10.11.1. In the event the Share Performance Rights are issued to a nominee of the Directors, that person will fall into the category stipulated by Listing Rule 10.11.4;
- (c) a maximum of 3,000,000 Share Performance Rights in total will be issued to Messrs Tim Wall, Daniel Harris and Tony Pearson (or their respective nominees) in the amounts specified below:
  - a. Mr Tim Wall – 1,500,000 Share Performance Rights;
  - b. Mr Daniel Harris – 750,000 Share Performance Rights; and
  - c. Mr Tony Pearson – 750,000 Share Performance Rights.
- (d) the Share Performance Rights will be issued with a nil exercise price and an expiry date as set out in Section 4.1 and otherwise on the terms set out in Schedule 3;
- (e) subject to Shareholder approval, the Share Performance Rights will be issued no later than one month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules);
- (f) the Share Performance Rights will be issued for nil cash consideration as they will be issued as part of the Directors' remuneration package and as a future incentive, and therefore no funds will be raised as a result of the issue;
- (g) the total remuneration paid for the Directors during the year ended 30 June 2024 (and disclosed in the 2024 Annual Report) is set out below:

Remuneration (per annum)	Tim Wall	Daniel Harris*	Tony Pearson
Salary and fees	70,000	40,000	34,194
Non-monetary benefits	-	-	-
Leave entitlements	-	-	-
Superannuation	7,700	-	3,761
Equity-based payments	13,325	8,884	17,741
<b>TOTAL</b>	<b>91,025</b>	<b>48,884</b>	<b>55,696</b>

\*Mr Harris was paid \$66,000 consulting fees in FY24.



In response to difficult capital market conditions, the non-executive Directors have agreed to reduce their fees by a total of approximately \$127,000 per annum from 1 October 2024. The total accounting value of the Share Performance Rights offered to the non-executive Directors is estimated to be \$165,600. The Board believe the number (and value) of the Share Performance Rights is appropriate to reflect the fee reduction and provide incentive to the non-executive Directors.

The value attributed by the Company to the Share Performance Rights proposed to be granted is \$165,500. Given the Share Performance Rights are not currently listed and have no publicly available price, this value was determined by an independent valuation, overlaid with some Board discretion (as set out in Schedule 4). The key underlying assumptions of the valuation are summarised below (and set out in full in Schedule 4):

- the Company's Share price being \$0.092 per Share (being the closing Share price as at 10 October 2024);
- the Expiry Dates being 31 July 2028; and
- the likelihood of meeting the vesting conditions being:
  - for Tranche 1 (legs 1 and 2) – more likely than not (and therefore assigned 100% value);
  - for Tranche 1 (leg 3) – unlikely (and therefore assigned a nil accounting value);
  - for Tranche 2 – more likely than not (and therefore assigned 100% value); and
  - for Tranche 3 – unlikely (and therefore assigned a nil accounting value).

The value that Messrs Wall, Harris and Pearson actually receive from the grant will depend on the number of Share Performance Rights that vest (if any) and the value of the Company's Shares at that time.

Neither the value of the Shares nor the value of the Share Performance Rights the subject of Resolutions 4, Resolution 5 and Resolution 6 are reflected in the table above.

- (h) the Share Performance Rights are not being issued under any agreement; and
- (i) a voting exclusion statement is included in the Notice.

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

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

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

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

The grant of the Share Performance Rights constitutes giving a financial benefit to a related party by virtue of each of Messrs Wall, Harris and Pearson being Directors.

It is the view of Directors that the exceptions set out in sections 210 to 216 of the Corporations Act do not apply in the current circumstances. Accordingly, the Company is seeking Shareholder approval for the purposes of Chapter 2E of the Corporations Act in respect of the Share Performance Rights proposed to be issued to the Directors (or their nominees) in accordance with Resolution 4 to Resolution 6 (inclusive).

#### **4.5. Information requirements for Chapter 2E of the Corporations Act**

Pursuant to and in accordance with section 219 of the Corporations Act, the following information is provided in relation to the proposed issue of Share Performance Rights:

- (a) Identity of the related party to whom Resolution 4 to Resolution 6 (inclusive) permits financial benefits to be given**

The Share Performance Rights will be issued to Messrs Tim Wall, Daniel Harris and Tony Pearson (or their respective nominees).

**(b) Directors' interest in the outcome**

Messrs Tim Wall, Daniel Harris and Tony Pearson have an interest in the outcome of Resolutions 4 to 6 because they (or their respective nominees) are the proposed recipients of the Share Performance Rights.

Mr Gavin Loyden does not have any interest in the outcome of Resolutions 4 to 6.

**(c) Nature of the financial benefit**

As outlined above, Resolutions 4, 5 and 6 seek approval from Shareholders to allow the Company to issue up to 3,000,000 Share Performance Rights to Messrs Tim Wall, Daniel Harris and Tony Pearson (or their respective nominees) in the amounts specified in Section 4.1. The Share Performance Rights are to be issued on the material terms and conditions in Schedule 3.

The Shares to be issued upon conversion of the Share Performance Rights will be Shares on the same terms and conditions as the Company's existing Shares and will rank equally in all respects. The Company will apply for official quotation of any resultant Shares on ASX in the ordinary course.

The Share Performance Rights provide an incentive component to the Directors' remuneration package, and aligns their interests with those of Shareholders. The Board considers that the number of Share Performance Rights to be granted to Directors is commensurate with their value to the Company and is an appropriate method to provide cost effective remuneration. The Board believes it is important to offer these Share Performance Rights to continue to attract and maintain highly experienced and qualified Board members in a competitive market.

As noted above, the non-executive Directors have agreed to reduce their fees by a total of approximately \$127,000 per annum from 1 October 2024. The total accounting value of the Share Performance Rights offered to the non-executive Directors is estimated to be \$165,600. The Board believe the number (and value) of the Share Performance Rights is appropriate to reflect the salary reduction and provide incentive to the non-executive Directors.

**(d) Valuation of the financial benefit**

A valuation of the Share Performance Rights is set out in Schedule 4, with a summary in Section 4.3(g) above.

**(e) Remuneration of related party**

As at the date of this Notice, the current total remuneration package of the Directors is as set out in Section 4.3(g) above.

**(f) Existing relevant interests**

At the date of this Notice, the relevant Directors hold the following relevant interests in Equity Securities of the Company:

Director	Shares	Unquoted Options <sup>(1)</sup>	Performance Rights
Tim Wall	100,000	600,000	375,000
Daniel Harris	-	600,000	250,000
Tony Pearson	-	-	375,000

*Note:*

*(1) Unquoted Options exercisable at \$0.345 @ 12-Aug-25*

Assuming that Resolutions 4, 5 and 6 are approved by Shareholders, all of the Share Performance Rights are issued, vested and exercised into Shares, and no other Equity Securities are issued or exercised, the respective interests of the Directors in the Company would be as follows:

- (i) Mr Wall's interest would represent approximately 1.0% of the Company's expanded capital;
- (ii) Mr Harris' interest would represent approximately 0.5% of the Company's expanded capital; and
- (iii) Mr Pearson's interest would represent approximately 0.5% of the Company's expanded capital.

The Company is currently undertaking a renounceable rights issue, which is currently scheduled to close on 18 October 2024 – the maximum number of Shares that may be issued under that rights issue is 43,254,775. Shareholders should refer to the Prospectus dated 23 September 2024 (as supplemented on 8 October 2024 and 14 October 2024 and from time to time) for further information in this regard.

#### **(g) Trading History**

The highest and lowest closing market sale prices of Shares on ASX in the 12 months before the date of this Notice is set out below:

	Price	Date
Highest	\$0.20	4 January 2024
Lowest	\$0.086	24 September 2024

The latest available closing market sale price of the Shares on the ASX prior to the date of this Notice was \$0.092 on 10 October 2024.

#### **(h) Dilution**

The issue of the Share Performance Rights will have a diluting effect on the percentage interests of existing Shareholders' holdings if the Share Performance Rights vest and are exercised. The potential dilution effect is summarised below:

Share performance rights	Dilutionary effect
Tranche 1	1.2%
Tranche 2	0.6%
Tranche 3	0.6%

The above table is based on the current Share capital of the Company immediately before the date of this Notice, being 151,391,712 Shares as at 11 October 2024 and assumes that no Shares are issued other than the Shares issued on exercise of the Share Performance Rights. The exercise of all of the Share Performance Rights will result in total dilution of all other Shareholders' holding of 2.3% on a fully diluted basis (assuming that all Share Performance Rights are exercised). The actual dilution will depend on the extent that additional Shares are issued by the Company before the exercise of the Share Performance Rights.

The Company is currently undertaking a renounceable rights issue, which is currently scheduled to close on 18 October 2024 – the maximum number of Shares that may be issued under that rights issue is 43,254,775. Shareholders should refer to the Prospectus dated 23 September 2024 (as supplemented on 8 October 2024 and 14 October 2024 and from time to time) for further information in this regard.

#### **(i) Corporate Governance**

The Board acknowledges the grant of the Share Performance Rights to the non-executive Directors, Mr Tim Wall, Mr Daniel Harris and Mr Tony Pearson is contrary to Recommendation 8.2 of the 4th edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations. However, the Board considers the grant of Share Performance Rights to the non-executive Directors reasonable in the circumstances for the reasons set out in Sections 4.1 and 4.3(g) (including as such Share Performance Rights are in lieu of part of their cash remuneration).

**(j) Taxation consequences**

There are no taxation consequences for the Company arising from the issue of the Share Performance Rights (including fringe benefits tax).

**(k) Other information**

The Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolution 4, Resolution 5 and Resolution 6.

**(l) Director recommendation**

The Directors other than Mr Loyden decline to make a recommendation to Shareholders in relation to Resolution 4, Resolution 5 and Resolution 6 due to their material personal interests in the outcome of the Resolutions. Mr Loyden recommends that shareholders vote **in favour** of Resolutions 4 to 6.

**4.6. Section 195(4) of the Corporations Act**

Section 195 of the Corporations Act broadly provides that subject to a number of exceptions or shareholder approval being obtained, that a director of a public company may not vote or be present during meetings of directors when matters in which that director holds a material personal interest are being considered.

Three of the four Directors have a material personal interest in the outcome of Resolutions 4 to 6 (as applicable to each Director) in this Notice of Meeting by virtue of the fact that Resolutions 4 to 6 are concerned with the issue of securities to those Directors. The Directors have exercised their right under section 195(4) of the Corporations Act to put the matter to Shareholders for approval.

**4.7. Board recommendation**

Resolution 4, Resolution 5 and Resolution 6 are ordinary resolutions.

The Directors other than Mr Loyden decline to make a recommendation to Shareholders in relation to Resolution 4, Resolution 5 and Resolution 6 due to their material personal interests in the outcome of the Resolutions. Mr Loyden recommends that shareholders vote **in favour** of Resolutions 4 to 6.

## **5. Resolution 7 – Approval of 10% Placement Facility**

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### **5.1. 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.

Under Listing Rule 7.1A, however, an eligible entity can seek approval from its members, by way of a special resolution passed at its annual general meeting, to increase this 15% limit by an extra 10% to 25% (**10% Placement Facility**).

Resolution 7 seeks Shareholder approval by way of a special resolution to provide the Company the ability to issue Equity Securities under the 10% Placement Facility during the 10% Placement Period (refer to Section 3.2(e) below). The number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 3.2(c) below).

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 provided for in 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.

### **5.2. Listing Rule 7.1A**

#### **(a) Is the Company an eligible entity?**

An 'eligible entity' means an entity which is not included in the S&P/ASX 300 Index and which has a market capitalisation of \$300 million or less.

The Company is an eligible entity for these purposes as it is not included in the S&P/ASX 300 Index and has a market capitalisation of approximately \$13.9m, based on the \$0.092 per share being the latest available closing market sale price of the Shares on the ASX prior to the date of this Notice (on 10 October 2024).

If on the date of the Meeting, the Company's market capitalisation exceeds \$300 million or it has been included in the S&P/ASX 300 Index, this Resolution 7 will no longer be effective and will be withdrawn.

#### **(b) What Equity Securities can be issued?**

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the eligible entity.

As at the date of the Notice, the Company has on issue one quoted class of Equity Securities; Shares.

### (c) How many Equity Securities can be issued?

Listing Rule 7.1A.2 provides that under the approved 10% Placement Facility, the Company may issue or agree to issue a number of Equity Securities calculated in accordance with the following formula:

$$(A \times D) - E$$

Where:

**A** is the number of Shares on issue 12 months before the date of issue or agreement:

(A) plus the number of fully paid Shares issued in the 12 months:

- (1) under an exception in Listing Rule 7.2 (other than exception 9, 16 or 17);
- (2) 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 12-month 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;
- (3) under an agreement to issue securities within Rule 7.2 exception 16 where:
  - the agreement was entered into before the 12 month period; or
  - the agreement or issue was approved, or taken under the Listing Rules to be approved, under Listing Rule 7.1 or 7.4; and
- (4) with Shareholder approval under Listing Rule 7.1 or 7.4. This does not include any issue of Shares under the Company's 15% annual placement capacity without Shareholder approval;

(B) plus the number of partly paid shares that became fully paid in the 12 months; and

(C) less the number of fully paid Shares cancelled in the 12 months.

*Note that 'A' has the same meaning in Listing Rule 7.1 when calculating the Company's 15% annual placement capacity.*

**D** Is 10%

**E** is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with Shareholder approval under Listing Rule 7.1 or 7.4.

### (d) At what price can the Equity Securities be issued?

Any Equity Securities issued under Listing Rule 7.1A must be issued for a cash consideration per security which is not less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 Trading Days on which trades in that class were recorded immediately before:

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

**(Minimum Issue Price).**

**(e) When can Equity Securities be issued?**

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A will be valid from the date of Meeting and will expire on the earlier to occur of:

- (i) the date that is 12 months after the date of the Meeting;
- (ii) the time and date of the Company's next annual general meeting; or
- (iii) the date of Shareholder approval of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

**(10% Placement Period).**

**(f) What is the effect of Resolution 7?**

The effect of Resolution 7 will be to allow the Directors to issue the Equity Securities under Listing Rule 7.1A during the 10% Placement Period without further Shareholder approval or using the Company's 15% annual placement capacity under Listing Rule 7.1.

**5.3. Specific information required by Listing Rule 7.3A**

Under and for the purposes of Listing Rule 7.3A, the following information is provided in relation to the 10% Placement Facility:

**(a) Final date for issue**

The Company will only issue the Equity Securities under the 10% Placement Facility during the 10% Placement Period (refer to Section 3.2(e) above).

Shareholder approval of the 10% Placement Facility will cease to be valid if Shareholders approve a transaction under Listing Rule 11.1.2 or 11.2.

**(b) Minimum issue price**

Where the Company issues Equity Securities under the 10% Placement Facility, it will only do so for cash consideration and the issue price will be not less than the Minimum Issue Price (refer to Section 3.2(d) above).

**(c) Purposes of issues under 10% Placement Facility**

The Company may seek to issue Equity Securities under the 10% Placement Facility for cash consideration in order to raise funds for continued investment in the Company's Julia Creek Project, the acquisition of new assets or investments (including expenses associated with such an acquisition), and/or for general working capital.

The Company will comply with the disclosure obligations under Listing Rules 7.1A.4 and 3.10.3 upon issue of any Equity Securities.

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

Shareholders should note that there is a risk that:

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

which may have an effect on the amount of funds raised by the issue of the Equity Securities.

If this Resolution is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' economic and voting power in the Company may be diluted as shown in the below table (in the case of Options, only if the Options are converted into Shares).

The below table shows the dilution of existing Shareholders based on the current market price of Shares and the current number of Shares for 'A' calculated in accordance with the formula in Listing Rule 7.1A.2 (see Section 3.2(c)) as at the date of the Notice (**Variable A**), with:

- (i) two examples where Variable A has increased, by 50% and 100%; and
- (ii) two examples of where the issue price of Shares has decreased by 50% and increased by 50% as against the current market price.

Share on issue (Variable A in Listing Rule 7.1A.2)				
	Issue price per Share	<b>\$0.046</b> 50% decrease in Current Market Price	<b>\$0.092</b> Current Market Price	<b>\$0.138</b> 50% increase in Current Market Price
<b>151,391,712 Shares</b> <b>Variable A</b>	10% Voting Dilution	15,139,171 Shares	15,139,171 Shares	15,139,171 Shares
	Funds raised	\$696,402	\$1,392,804	\$2,089,206
<b>227,087,568 Shares</b> <b>50% increase in</b> <b>Variable A</b>	10% Voting Dilution	22,708,757 Shares	22,708,757 Shares	22,708,757 Shares
	Funds raised	\$1,044,603	\$2,089,206	\$3,133,808
<b>302,783,424 Shares</b> <b>100% increase in</b> <b>Variable A</b>	10% Voting Dilution	30,278,342 Shares	30,278,342 Shares	30,278,342 Shares
	Funds raised	\$1,392,804	\$2,785,608	\$4,178,411

Notes:

- 1) The table has been prepared on the following assumptions:
  - a) the issue price is the current market price (\$0.092), being the closing price of the Shares on ASX on 10 October 2023, being the last day that the Company's Shares traded on the ASX before the date of this Notice;
  - b) Variable A is 151,391,712 comprising of existing Shares on issue as at the date of this Meeting, assuming the Company has not issued any Shares in the 12 months prior to the Meeting that were not issued under an exception in Listing Rule 7.2 or with Shareholder approval under Listing Rules 7.1 and 7.4;
  - c) the Company issues the maximum number of Equity Securities available under the 10% Placement Facility;
  - d) no convertible securities (including any issued under the 10% Placement Facility) are exercised or converted into Shares before the date of the issue of the Equity Securities; and
  - e) the issue of Equity Securities under the 10% Placement Facility consists only of Shares. If the issue of Equity Securities includes quoted Options, it is assumed that those quoted Options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
- 2) The number of Shares on issue (ie Variable A) may increase as a result of issues of Shares that do not require Shareholder approval (for example, a pro rata entitlements issue, scrip issued under a takeover offer or upon exercise of convertible securities) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting.
- 3) 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%.
- 4) 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 Facility, based on that Shareholder's holding at the date of the Meeting.
- 5) The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.



#### **(e) Allocation policy**

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:

- (i) the methods of raising funds that are available to the Company, including but not limited to, rights issue or other issue in which existing security holders can participate;
- (ii) the effect of the issue of the Equity Securities on the control of the Company;
- (iii) financial situation and solvency of the Company; and
- (iv) advice from corporate, financial and broking advisers (if applicable).

The allottees under the 10% Placement Facility have not been determined as at the date of the Notice but may include existing substantial Shareholders and/or new investors who are not related parties of or associates of a related party of the Company.

#### **(f) Issues in the past 12 months**

The Company has previously obtained Shareholder approval under Listing Rule 7.1A at its annual general meeting held on 9 November 2023.

In the 12 months preceding the date of the Meeting and as at the date of this Notice, the Company has not issued or agreed to issue Equity Securities under Listing Rule 7.1A.

#### **(g) Voting exclusion statement**

At the date of the Notice, the Company is not proposing to make an issue of Equity Securities under Listing Rule 7.1A and has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in any such issue.

However, in the event that between the date of the Notice and the date of the Meeting, the Company proposes to make an issue of Equity Securities under Listing Rule 7.1A to one or more existing Shareholders, those Shareholders' votes will be excluded under the voting exclusion statement in the Notice.

#### **5.4. Board recommendation**

Resolution 7 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

The Board recommends that Shareholders vote in favour of Resolution 7.

## 6. Glossary

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

<b>10% Placement Facility</b>	has the meaning given in Section 3.1.
<b>10% Placement Period</b>	has the meaning given in Section 3.2(3).
<b>\$ or A\$</b>	means Australian Dollars.
<b>AEST</b>	means Australian Eastern Standard Time.
<b>Annual Report</b>	means the Directors' Report, the Financial Report, and Auditor's Report, in respect to the year ended 30 June 2024.
<b>Article</b>	means an article of the Constitution.
<b>ASX</b>	means the ASX Limited (ABN 98 008 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX Limited.
<b>Auditor's Report</b>	means the auditor's report on the Financial Report.
<b>Board</b>	means the board of Directors.
<b>Chair</b>	means the person appointed to chair the Meeting of the Company convened by the Notice.
<b>Closely Related Party</b>	means: <ul style="list-style-type: none"><li>(a) a spouse or child of the member; or</li><li>(b) has the meaning given in section 9 of the Corporations Act.</li></ul>
<b>Company</b>	means QEM Limited (ACN 167 966 770).
<b>Constitution</b>	means the constitution of the Company as at the date of the Meeting.
<b>Corporations Act</b>	means the <i>Corporations Act 2001</i> (Cth).
<b>Director</b>	means a director of the Company.
<b>Directors' Report</b>	means the annual directors' report prepared under Chapter 2M of the Corporations Act for the Company and its controlled entities.
<b>Equity Security</b>	has the same meaning as in the Listing Rules.
<b>Explanatory Memorandum</b>	means the explanatory memorandum which forms part of the Notice.
<b>Financial Report</b>	means the annual financial report prepared under Chapter 2M of the Corporations Act for the Company and its controlled entities.
<b>Key Management Personnel</b>	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.

<b>Listing Rules</b>	means the listing rules of ASX.
<b>Meeting</b>	has the meaning given in the introductory paragraph of the Notice.
<b>Minimum Issue Price</b>	has the meaning given in Section 3.2(d).
<b>Notice</b>	means this notice of annual general meeting.
<b>Option</b>	means an option to acquire a Share.
<b>Performance Hurdle</b>	means, in respect of a Share Performance Right, the conditions (if any) that must be satisfied before such Share Performance Rights may be exercised, as are determined by the Board.
<b>Proxy Form</b>	means the proxy form attached to the Notice.
<b>Remuneration Report</b>	means the remuneration report of the Company contained in the Directors' Report.
<b>Resolution</b>	means a resolution referred to in the Notice.
<b>Section</b>	means a section of the Explanatory Memorandum.
<b>Securities</b>	means any Equity Securities of the Company (including Shares, Performance Rights and/or Options).
<b>Share</b>	means a fully paid ordinary share in the capital of the Company.
<b>Shareholder</b>	means the holder of a Share.
<b>Share Performance Right</b>	means share performance to acquire a Share.
<b>Strike</b>	means a 'no' vote of 25% or more on the resolution approving the Remuneration Report.
<b>Trading Day</b>	has the meaning given in the Listing Rules.
<b>VWAP</b>	means volume weighted average market price.
<b>Vesting Condition</b>	means, in respect of any Option, the conditions (if any) that must be satisfied before such Options may be exercised, as are determined by the Board.

## Schedule 1 - Terms and Conditions of Options

The terms of the Options are as follows:

(a) **Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) **Issue Price:**

No cash consideration is payable for the issue of the Options.

(c) **Exercise Price:**

The Options have an exercise price of \$0.14 per Option (**Exercise Price**).

(d) **Expiry Date:**

Tranche 1 and 2 Options expire at 5.00 pm (AEDT) on 1 October 2027 and Tranche 3 and 4 of the Options expire on 5.00 pm (AEDT) on 31 July 2028, in accordance with Section 3.1. An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(e) **Vesting Conditions**

The Options are subject to the Vesting Conditions as are set out in Section 3.1 of this Notice of Meeting.

(f) **Exercise Period:**

Subject to the satisfaction of the Vesting Conditions, the Options are exercisable at any time and from time to time on or prior to the Expiry Date.

(g) **Quotation of the Options:**

The Company will not apply for quotation of the Options on ASX.

(h) **Transferability of the Options:**

The Options are not transferable, except with the prior written approval of the Company.

(i) **Notice of Exercise:**

The Options may be exercised by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

Any Notice of Exercise of an Option received by the Company will be deemed to be a notice of the exercise of that Option as at the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(j) **Timing of issue of Shares on exercise:**

Within 5 Business Days after the receipt of a Notice of Exercise and the later of the following:

(i) the Exercise Date; and

(ii) when excluded information in respect to the Company (as defined in section 708A(7) of the Corporations Act) (if any) ceases to be excluded information,

the Company will:

(iii) allot and issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;

(iv) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act; and

- (v) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

**(k) Restrictions on transfer of Shares:**

If the Company is required but unable to give ASX a notice under paragraph (i)(3) above, or such a notice for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, Shares issued on exercise of Options may not be traded and will be subject to a holding lock 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 Corporations Act.

**(l) Shares issued on exercise:**

Shares issued on exercise of the Options will rank equally with the then Shares of the Company.

**(m) Quotation of Shares on exercise:**

If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Options in accordance with the Listing Rules.

**(n) Reconstruction of capital:**

If at any time the issued capital of the Company is reconstructed, all rights of an Option holder are to be changed in a manner consistent with the Corporations Act and the Listing Rules at the time of the reconstruction.

**(o) Participation in new issues:**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

**(p) Adjustment for bonus issues of Shares:**

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):

- (i) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the Option holder would have received if the Option holder had exercised the Option before the record date for the bonus issue; and
- (ii) no change will be made to the Exercise Price.

**(q) Cessation of employment:**

Where the holder (or the person who is entitled to be registered as the holder) of the Options is no longer employed, or their engagement is discontinued (for whatever reason), with the Company, any unvested and unexercised Options will automatically lapse and be forfeited by the holder within 3 months of the cessation of employment, unless otherwise determined by the Board in its discretion.

**(r) Change of Control:**

Upon the occurrence of:

- (i) a takeover bid under Chapter 6 of the Corporations Act having been made in respect of the Company and:
  - a. having received acceptances for greater than 50% of the Company's shares on issue; and
  - b. having been declared unconditional by the bidder;
- (ii) any person acquires a Relevant Interest (as defined in the Corporations Act) more than 50% of the Shares by any other means; or
- (iii) any merger transaction or scheme of arrangement is recommended by the Board and where such transaction would have the effect contemplated in the paragraph above,

(together, a **Change of Control Event**)

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 Options will be dealt with, including, without limitation, in a manner that allows the holder of the Options to participate in and/or benefit from any transaction arising from or in connection with the Change of Control Event.

## Schedule 2 – Valuation of Options

The Company sought an independent valuation of the Managing Director Options. The method used to value the options was the Black Scholes Model, which is the most widely used and recognised model for pricing options. The value of an option calculated by the Black Scholes Model is a function of the relationship between a number of variables, being the share price, the exercise price, the time to expiry, the vesting condition/s, the risk-free interest rate and the volatility of the Company's underlying share price.

In assessing the number of Managing Director Options that are likely to vest, the Company may consider a probability factor of the likelihood that the non-market performance conditions will be achieved (including the related service condition). The approach followed is to determine a best estimate of the number of awards expected to vest for each hurdle. In other words, for example, a  $\geq 50\%$  probability ("more likely than not") the vesting condition will be met, reflects that the most likely outcome is that 100% of the Managing Director Options will vest and 100% of the value is then recognised for accounting purposes. Accordingly, whether a tranche of Managing Director Options is recognised in the accounts is typically a binomial outcome.

On this basis, the Board have determined that:

- Tranches 1 and 2 will be met "more likely than not" and therefore valued at \$0.0341 per Managing Director Option (i.e., 100% of the Black Scholes value);
- Tranche 3 will be met "more likely than not" and therefore valued at \$0.0401 per Managing Director Option (i.e., 100% of the Black Scholes value); and
- Tranche 4 has no (accounting) value as it is considered to have a  $<50\%$  chance of being met.

Inherent in the application of the Black Scholes Model are a number of inputs, some of which must be assumed. The data relied upon in applying the Black Scholes Model was:

- The exercise price of the Managing Director Options being \$0.14;
- The Share price at the time of issue of the Options, which is estimated to be \$0.092 per Share (being the closing Share price on 10 October 2024, the last date before the date of this Notice);
- The Expiry Dates being 1 October 2027 (for Tranches 1 and 2) and 31 July 2028 (for Tranches 3 and 4);
- A volatility measure of 70%;
- A risk-free interest rate of 3.72%; and
- A nil dividend yield,

### (Assumed Data).

On that basis, and taking into account the Assumed Data, the respective values of each tranche of the Managing Director Options to be issued pursuant to Resolution 3 is set out below.

Tranche #	Options Offered	Value of Options
Tranche 1	500,000	\$17,026
Tranche 2	500,000	\$17,026
Tranche 3	500,000	\$20,063
Tranche 4	1,000,000	Nil
<b>Total</b>	<b>2,500,000</b>	<b>\$54,115</b>

The (accounting) value of the options will be expensed/spread over period to the vesting condition being met (or expired). It should be noted that the (accounting) value spread over the option lives was considered as part of that process to determine the appropriate number and value of options to issue to Mr Loyden.

## Schedule 3 - Terms and Conditions of Share Performance Rights

The terms of the Share Performance Rights are as follows:

### (a) Entitlement

The Share Performance Rights entitle the holder (Holder) to subscribe for one Share upon the conversion of each Performance Right (once vested).

### (b) Consideration

The Share Performance Rights will be granted for nil cash consideration.

### (c) Conversion price

The conversion price of each Share Performance Right is nil.

### (d) Performance Hurdles

Subject to the terms and conditions set out below, the Share Performance Rights will have the Performance Hurdles specified below:

Director	No. of Share Performance Rights		Performance Hurdle	Expiry
	Tim Wall	Tony Pearson and Daniel Harris		
Tranche 1	400,000	200,000	Continuous employment to 30 November 2025	31 July 2028
	300,000	150,000	Continuous employment to 30 November 2026	31 July 2028
	200,000	100,000	Continuous employment to 30 November 2027	31 July 2028
Tranche 2	200,000	100,000	1. Securing a strategic investor by 26 August 2027; and 2. Continuous employment to 26 August 2027	31 July 2028
Tranche 3	400,000	200,000	1. Delivery of a Pre-Feasibility Study by 1 July 2026; and 2. Continuous employment to 1 July 2026	31 July 2028
Total	1,500,000	750,000		

### (e) Exercise of Share Performance Rights

A Holder of Share Performance Rights may exercise a vested Performance Right by delivering to the Company prior to the Expiry Date a written exercise notice.

### (f) Expiry Date

Any Share Performance Rights that have vested in accordance with these terms but have not been exercised on or before the expiry date in the table above, will expire and automatically lapse and become incapable of converting into Shares.

### (g) Timing of issue of Shares and quotation of Shares on achievement of Performance Hurdles

Within 5 Business Days of the Board confirming a Performance Hurdle has been achieved, and subject to an exercise notice being delivered by the Holder before the Expiry Date, the Company will:

- (i) issue, allocate or cause to be transferred to the Holder (or its nominee) the number of Shares to which the Holder is entitled;
- (ii) if required, and subject to paragraph (h) below, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act; and



- (iii) do all such acts, matters and things to obtain the grant of quotation of the Shares by ASX in accordance with the Listing Rules.

All Shares issued upon the conversion of Share Performance Rights will upon issue rank equally in all respects with the then issued Shares.

#### **(h) Restrictions on transfer of Shares**

If the Company is unable to give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, Shares issued on conversion of a Share Performance Right 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 Corporations Act.

#### **(i) Change in Control**

If prior to the earlier of the conversion of the Share Performance Rights or the Expiry Date a Change of Control Event occurs, then each Share Performance Right will automatically vest and immediately convert to a Share.

(i) A Change of Control Event means:

- A. a takeover bid (as defined under the Corporations Act): upon the occurrence of the offeror under a takeover offer in respect of all the Shares announcing that it has achieved acceptances in respect of more than 50.1% of the Shares and that takeover bid has become unconditional (except any condition in relation to the cancellation or conversion of the Share Performance Rights); or
- B. a court approval of a merger by way of scheme of arrangement (but shall not include a merger by way of scheme of arrangement for the purposes of a corporate restructure (including change of domicile, consolidation, sub-division, reduction or return of the issued capital of the Company)).

#### **(j) Leaver**

Where the Holder (or the person who is entitled to be registered as the holder) of the Share Performance Rights is no longer employed, or their engagement is discontinued (for whatever reason), with the Company, any unconverted and unvested Share Performance Rights will automatically lapse and be forfeited by the Holder, unless the Board otherwise determines in its discretion.

#### **(k) Participation in new issues**

There are no participation rights or entitlements inherent in the Share Performance Rights and a holder will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Share Performance Rights. However, the Company will give the holder notice of the proposed issue prior to the date for determining entitlements to participate in any such issue.

#### **(l) Adjustment for bonus issues of Shares**

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction, of dividends or by way of dividend reinvestment), the number of Shares which must be issued on the vesting of a Share Performance Right will be increased by the number of Shares which the holder would have received if the Share Performance Right had vested before the record date for the bonus issue.

#### **(m) Adjustment for entitlements issue**

If the Company makes an issue of Shares pro rata to existing Shareholders (other than as a bonus issue, to which paragraph (k) will apply) the number of Shares which must be issued on the vesting of a Share Performance Right will be increased by the number of Shares which the holder would have received if the Share Performance Right had vested before the record date for the bonus issue.

#### **(n) Adjustments for reorganisation**

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 ASX Listing Rules which apply to reorganisation of capital at the time of the reorganisation.

**(o) Quotation of Share Performance Rights**

The Share Performance Rights will be unquoted Share Performance Rights.

**(p) Transfer**

The Share Performance Rights are not transferable.

**(q) Dividend and voting rights**

A Share Performance Right does not entitle the Holder to vote or receive any dividends.

**(r) Return of capital rights**

The Share Performance Rights do not confer any right to a return of capital, whether in a winding up, upon a reduction of capital or otherwise.

**(s) Rights on winding up**

A Share Performance Right does not entitle the holder to participate in the surplus profits or assets of the Company upon winding up of the Company.

**(t) No other rights**

- (i) A Share Performance Right does not give a Holder any 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.
- (ii) A Share Performance Right does not confer the right to a change in the number of underlying Shares over which the Share Performance Right can vest into.

## Schedule 4 – Valuation of Share Performance Rights

The Share Performance Rights are not currently quoted on the ASX and as such, have no ready market value. The Share Performance Rights each grant the holder a right of grant of one fully paid ordinary share in the Company upon vesting of the Performance Rights, for nil consideration. Accordingly, the Share Performance Rights may have a present value at the date of their grant.

Various factors impact upon the value of Performance Rights, including:

- (i) the period outstanding before the expiry date of the Performance Rights;
- (ii) the underlying price or value of the securities into which they may be converted; and
- (iii) the proportion of the issued capital as expanded consequent upon conversion of the Performance Rights into Shares (i.e. whether or not the shares that might be acquired upon exercise of the Performance Rights represent a controlling or other significant interest).

The fair value of the Shares at the time the Share Performance Rights are to be issued was used to value the Share Performance Rights based on attainment of business KPIs. The Share Performance Rights are issued for nil consideration and no consideration will be payable upon the vesting of the Share Performance Rights their conversion to ordinary shares in the Company.

A Share Performance Right lapses as described in Schedule 3 above. On this basis, there is an implied service condition in that the holder is required to be continuously employed by the Company, failing which the Share Performance Rights will lapse. This service condition does not affect the valuation.

The undiscounted value of a Performance Right is the value of an underlying ordinary share in the Company at the deemed date of grant of the Rights. For the purpose of this valuation based on the deemed grant date of 10 October 2024, the last traded price of a Share in the Company on ASX at the date of acceptance of the offer of Share Performance Rights by the directors, being \$0.092.

The number of Share Performance Rights that will vest depends upon the Performance Hurdles noted below being satisfied within the vesting period (see below), as well as the respective director remaining employed or engaged by the Company within the vesting period. The Performance Hurdles are deemed to comprise only non-market based performance vesting conditions.

The performance hurdles are set out below:

	No. of Share Performance Rights		Performance Hurdle	Expiry
Director	Tim Wall	Tony Pearson and Daniel Harris		
Tranche 1	400,000	200,000	Continuous employment to 30 November 2025	31 July 2028
	300,000	150,000	Continuous employment to 30 November 2026	31 July 2028
	200,000	100,000	Continuous employment to 30 November 2027	31 July 2028
Tranche 2	200,000	100,000	1. Securing a strategic investor by 26 August 2027; and 2. Continuous employment to 26 August 2027	31 July 2028
Tranche 3	400,000	200,000	1. Delivery of a Pre-Feasibility Study by 1 July 2026; and 2. Continuous employment to 1 July 2026	31 July 2028
Total	1,500,000	750,000		

These Performance Hurdles are deemed to be non-market based performance vesting conditions as they are linked to key internal Company objectives.

Under Australian Accounting Standard 2: Share-based Payments (“AASB 2”), if a condition is a non-market-based condition, the impact of the condition is not taken into account when estimating the fair value of each Performance Right at the grant date. Instead, the condition is taken into account by adjusting the number of

Performance Rights so as to reflect the number of Performance Rights that are expected to vest, at each relevant reporting date.

In assessing the number of awards that are likely to vest, the Company may consider a probability factor of the likelihood that the non-market performance conditions will be achieved (including the related service condition). The approach followed is to determine a best estimate of the number of awards expected to vest for each Performance Hurdle. In other words, for example, a  $\geq 50\%$  probability (“more likely than not”) the vesting condition will be met, reflects that the most likely outcome is that 100% of the securities will vest and 100% of the value is then recognised for accounting purposes. Accordingly, whether a tranche of securities is recognised in the accounts is typically a binomial outcome.

On this basis, the Board have determined that:

- the first 2 legs of Tranche 1 will be met “more likely than not” and therefore valued at \$0.092 per Share Performance Right (i.e., 100% of the value), and that the 3<sup>rd</sup> leg of Tranche 1 has no (accounting) value as it is considered to have a <50% chance of being met;
- Tranche 2 will be met “more likely than not” and therefore valued at \$0.092 per Share Performance Right (i.e., 100% of the value); and
- Tranche 3 has no (accounting) value as it is considered to have a <50% chance of being met.

Based on the Company’s assessment of the probability of the non-market hurdles as described above, the Company estimates that the respective value of the Share Performance Rights to be issued pursuant to Resolutions 4, 5 and 6 is \$165,600 broken down as follows:

Tranche	Value	Number	Total Value
Tranche 1 (legs 1 and 2)	\$0.092	1,400,000	\$128,800
Tranche 1 (leg 3)	Nil	400,000	Nil
Tranche 2	\$0.092	400,000	\$36,800
Tranche 3	Nil	800,000	Nil
<b>Total</b>		<b>3,000,000</b>	<b>\$165,600</b>

The (accounting) value of the Share Performance Rights will be expensed/spread evenly over the accounting periods until the vesting conditions are met (or expired).



QEM Limited | ABN 13 167 966 770

# Proxy Voting Form

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

Your proxy voting instruction must be received by **10.00am (AEST) on Monday, 18 November 2024**, 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 Key Management Personnel.

### 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://automicgroup.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  
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+61 2 8583 3040

#### All enquiries to Automic:

##### WEBSITE:

<https://automicgroup.com.au>

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