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# SERPENTINE TECHNOLOGIES LIMITED

ACN 158 307 549

## NOTICE OF ANNUAL GENERAL MEETING

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**TIME:** 9.30am (WST)

**DATE:** Tuesday, 27 November 2018

**PLACE:** Ground Floor, 16 Ord Street  
West Perth, Western Australia

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

*The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meetings are those who are registered Shareholders at 5.00 pm (WST) on 25 November 2018.*

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## NOTICE OF ANNUAL GENERAL MEETING

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Notice is given that an Annual General Meeting of Serpentine Technologies Limited ACN 158 307 549 (**Company**) will be held at 9.30am (WST) on Tuesday, 27 November 2018 at Ground Floor, 16 Ord Street, West Perth, Western Australia.

The Explanatory Statement provides additional information on matters to be considered at the Meeting. The Explanatory Statement and the Proxy Form each form part of the Notice.

The Directors have determined pursuant to regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders of the Company at 5.00pm (WST) on 25 November 2018.

Terms and abbreviations used in the Notice are defined in **Schedule 1**.

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### 1. FINANCIAL STATEMENTS AND REPORTS

To consider the Annual Report of the Company and its controlled entities for the financial year ended 30 June 2018, which includes the Financial Report, the Directors' Report and the Independent Auditor's Report.

The reports referred to above are included in the 2018 Annual Report sent to those Shareholders who elected to receive a hard copy. A copy of the report is also available on the Company's website at <http://serpentinetechnologies.com.au/>.

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### 2. RESOLUTION 1 – REMUNERATION REPORT

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

*“That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as set out in the Company's Annual Report for the financial year ended 30 June 2018, on the terms and conditions in the Explanatory Statement”.*

**Voting exclusion statement:** The Company will disregard any votes cast (in any capacity) in favour of the Resolution by or on behalf of a member of the Key Management Personnel whose remuneration is disclosed in the Remuneration Report or a Closely Related Party of those persons (which includes their spouse, child, dependent, other family members and any controlled company), unless the vote is cast as a proxy for a person who is entitled to vote on this Resolution in accordance with a direction on the Proxy Form or by the Chairman and the appointment of the Chairman as proxy does not specify the way the proxy is to vote on this Resolution and expressly authorises the Chairman to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

**Note:** In accordance with the Corporations Act, the vote on this Resolution is advisory only and does not bind the Directors or the Company.

The Directors will consider the outcome of the vote and comments made by Shareholders on the Remuneration Report at the Meeting when reviewing the Company's remuneration policies.

If 25% or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive annual general meetings, Shareholders will be required to vote at the second of those annual general meetings on a resolution (“spill resolution”) that another meeting be held within 90 days at which all of the Company's directors (other than the Managing Director) must go up for re-election. For further information, please refer to the Explanatory Statement.

The Chair intends to vote any undirected proxies in favour of this Resolution. In exceptional circumstances, the Chair may change his or her voting intention on the Resolution, in which case an ASX announcement will be made.

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**3. RESOLUTION 2 – ELECTION OF DIRECTOR – MR MICHAEL EDWARDS**

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

*“That, for the purposes of clause 18.10 of the Constitution and for all other purposes, Mr Michael Edwards, who was appointed as an additional Director by the Board, retires under clause 18.10 of the Constitution and being eligible, offers himself for re-election, be re-elected as a Director.”*

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**4. RESOLUTION 3 – RE-ELECTION OF DIRECTOR – MR STUART CARMICHAEL**

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

*“That, for the purposes of clause 18.3 of the Constitution, Listing Rule 14.4 and for all other purposes, Mr Stuart Carmichael, a Director, who retires pursuant to clause 18.2 of the Constitution and Listing Rule 14.4 and being eligible, offers himself for re-election, is re-elected as a Director on the terms and conditions set out in the Explanatory Statement.”*

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**5. RESOLUTION 4 – APPROVAL OF 10% PLACEMENT CAPACITY**

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

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

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any person who may participate in the issue of Equity Securities under this Resolution or a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any Associates of those persons. However, the Company will not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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**6. RESOLUTION 5 – RE-ADOPTION OF EMPLOYEE OPTION PLAN**

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

*“That, for the purpose of Listing Rule 7.2 (Exception 9) and for all other purposes, approval is given to re-adopt the Employee Option Plan on the terms and conditions in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by a Director of the Company (except one who is ineligible to participate in the employee option plan in relation to the Company), or any person who may participate in the issue of Equity Securities under this Resolution or a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any Associates of those persons. However, the Company will not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**Voting Prohibition:** In accordance with section 250BD of the Corporations Act, a vote on this Resolution must not be cast by a person appointed as proxy, where that person is either a member of the Key Management Personnel or Closely Related Party of such member. However, the Company will not

disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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**DATED: 19 OCTOBER 2018**

**BY ORDER OF THE BOARD**

**BRETT TUCKER  
COMPANY SECRETARY**

## **Proxy Appointment and Voting Instructions**

### **Proxy Form**

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

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

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

If you wish to appoint the Chair as your proxy, mark the appropriate box on the Proxy Form. If you appoint the Chair as your proxy, he or she can only cast your votes on Resolution 1 (Adoption of the Remuneration Report) if you expressly authorise him or her to do so. If the person you wish to appoint as your proxy is someone other than the Chair, please write the full name of that person on the Proxy Form. If you leave this section blank, or your named proxy does not attend the Meeting, the Chair will be your proxy. A proxy need not be a Shareholder of the Company.

### **Corporate Shareholders**

Corporate Shareholders should comply with the execution requirements set out on the Proxy Form or otherwise with the provisions of section 127 of the Corporations Act. Section 127 of the Corporations Act provides that a company may execute a document without using its common seal if the document is signed by:

- two directors of the company;
- a director and a company secretary of the company; or
- for a proprietary company that has a sole director who is also the sole company secretary, that director.

### **Corporate representatives**

A corporation may elect to appoint an individual to act as its representative in accordance with section 250D of the Corporations Act, in which case the Company will require a certificate of appointment of the corporate representative executed in accordance with the Corporations Act. The certificate of appointment must be lodged with the Company and/or the Company's share registry before the Meeting or at the registration desk on the day of the Meeting.

### **Votes on Resolutions**

You may direct your proxy how to vote by placing a mark in the 'FOR', 'AGAINST' or 'ABSTAIN' box opposite the Resolution. All your votes will be cast in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on the Resolutions 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 Resolutions, your proxy may vote as he or she chooses. If you mark more than one box on a Resolution your vote on that Resolution will be invalid.

### **Voting restrictions that may affect your proxy appointment**

Due to the voting exclusions that may apply to certain items of business, the Key Management Personnel and their Closely Related Parties will not be able to vote your proxy on Resolution 1 (Adoption of the Remuneration Report) unless you have directed them how to vote or, in the case of the Chair, if you expressly authorise him or her.

### **Chair voting undirected proxies**

If the Chair is your proxy, the Chair will cast your votes in accordance with your directions on the Proxy Form. If you do not mark any of the boxes on the Resolutions, then you expressly authorise the Chair to vote your undirected proxies at his/her discretion.

As at the date of this Notice, the Chair intends to vote undirected proxies FOR each of the Resolutions. In exceptional cases the Chair's intentions may subsequently change and in this event, the Company will make an announcement to the market.

**Voting eligibility – snapshot date**

The Company may specify a time, not more than 48 hours before the Meeting, at which a “snapshot” of Shareholders will be taken for the purposes of determining Shareholder entitlements to vote at the Meeting.

The Directors have determined that all Shares of the Company that are quoted on ASX at 5.00pm WST on Sunday, 25 November 2018 shall, for the purpose of determining voting entitlements at the Meeting, be taken to be held by the persons registered as holding the Shares at that time. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

**Defined terms**

Capitalised terms used in the Notice and the Explanatory Statement are defined in the Glossary.

**Questions from Shareholders**

At the Meeting, the Chair will allow a reasonable opportunity for Shareholders to ask questions or make comments on the management of the Company.

The Chair will allow a reasonable opportunity for Shareholders to ask the Company's auditor questions about:

- the conduct of the audit;
- the preparation and content of the auditor's report;
- the accounting policies adopted by the Company in relation to the preparation of financial statements; and
- the independence of the auditor in relation to the conduct of the audit.

To assist the Board and the Auditor in responding to any questions that you may have, please submit any questions to the Company by Monday, 19 November 2018 to the Company Secretary at Ground Floor, 16 Ord Street, West Perth, Western Australia, 6005.

As required under section 250PA of the Corporations Act, the Company will make available at the Meeting those questions directed to the Auditor received in writing at least 5 business days prior to the Meeting, being questions which the Auditor considers relevant to the content of the Auditor's report or the conduct of the audit of the annual financial report for the year ended 30 June 2018. The Chair will allow a reasonable opportunity for the Auditor to respond to the questions set out on this list.

**Questions regarding Notice of Meeting**

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 9482 0540.

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## EXPLANATORY STATEMENT

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### 1. INTRODUCTION

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

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

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### 2. FINANCIAL STATEMENTS AND REPORTS

In accordance with the Constitution and 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 2018.

There is no requirement for Shareholders to approve the Annual Report. The reports referred to above are included in the Annual Report sent to those Shareholders who elected to receive a hard copy. A copy of the report is also available on the Company's website at <http://serpentinetechnologies.com.au/>.

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### 3. RESOLUTION 1 – ADOPTION OF THE REMUNERATION REPORT

#### 3.1 Adoption

In accordance with section 250R(2) of the Corporations Act, the Company must put a resolution that the Remuneration Report as set out in the Directors' Report of the annual financial report of the Company for the financial year ending 30 June 2018 be adopted to vote at the Annual General Meeting. The vote on Resolution 1 is advisory only and does not bind the Directors or the Company.

The chair of the meeting must allow a reasonable opportunity for discussion of the Remuneration Report at the Annual General Meeting.

#### 3.2 Spill resolution

In accordance with the Corporations Act, if at least 25% of the votes cast on the Resolution are voted **against** adoption of the Remuneration Report in two consecutive annual general meetings, the Company will be required to put to Shareholders a resolution proposing the calling of an extraordinary general meeting to consider the appointment of directors of the Company (**Spill Resolution**) at the second annual general meeting, if at the first of those annual general meetings a Spill Resolution was not put to a vote.

If more than 50% of Shareholders vote in favour of the Spill Resolution, the Company must convene the extraordinary general meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the Directors who were in office when the Directors' report (as included in the Company's annual financial report for the financial year ended immediately before the second annual general meeting) was approved, other than the managing Director of the Company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

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

At the Company's previous annual general meeting in 2016 the votes cast against the remuneration report considered at that annual general meeting were less than 25%. Accordingly, a Spill Resolution will not be required at the Meeting in any event.

The Remuneration Report sets out the Company's remuneration arrangements for the Directors and senior management of the Company. The Remuneration Report is part of the Directors' report contained in the annual financial report of the Company for the financial year ending 2018.

### 3.3 Proxy restrictions

Shareholders appointing a proxy for this Resolution should note the following:

Proxy	Directions given	No directions given
Key Management Personnel <sup>1</sup>	Vote as directed	Unable to vote <sup>3</sup>
Chair <sup>2</sup>	Vote as directed	Able to vote at discretion of Proxy <sup>4</sup>
Other	Vote as directed	Able to vote at discretion of Proxy

**Notes:**

<sup>1</sup> Refers to Key Management Personnel (other than the Chair) whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member.

<sup>2</sup> Refers to the Chair (where he/she is also a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report), or a Closely Related Party of such a member).

<sup>3</sup> Undirected proxies granted to these persons will not be voted and will not be counted in calculating the required majority if a poll is called on this Resolution.

<sup>4</sup> The Proxy Form notes it is the Chair's intention to vote all undirected proxies in favour of all Resolutions.

### 3.4 Directors' recommendations

The Board declines to make a recommends on Resolution 1 as each Director has a material personal interest in the outcome of the Resolution.

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## 4. RESOLUTION 2 – ELECTION OF DIRECTOR – MR MICHAEL EDWARDS

### 4.1 Constitutional requirements

Clause 18.9 of the Constitution allows the Directors to appoint at any time a person to be an additional Director.

Clause 18.10 of the Constitution and Listing Rule 14.4 provide that a Director so appointed holds office only until the next following annual general meeting and is then eligible for re-election.

Mr Michael Edwards was appointed as a Non-Executive Director by the Board on 3 November 2017. Accordingly, Mr Edwards retires as a Director at the Meeting and, being eligible, seeks approval to be re-elected as a Director.

### 4.2 Biography

Mr Edwards is a Geologist and Economist with over 20 years of experience in Senior Management in both the private and public sector. He has a Bachelor of Business



(Economics and Finance) from Curtin University of Technology and a Bachelor of Science (Geology) from the University of Western Australia.

Mr Edwards spent three years with Barclays Australia in their corporate finance department and then eight years as an exploration and mine geologist with companies such as Gold Mines of Australia, Eagle Mining and International Mineral Resources. Mr Edwards also acts as a Non-Executive Director of ASX listed companies Norwood Systems Ltd (ASX:NOR), Dawine Limited (ASX:DWI) and De.mem Limited (ASX:DEM). Mr Edwards has been involved in numerous ASX listings and reverse takeovers across a range of industries including technology.

#### **4.3 Directors' recommendations**

The Board (excluding Mr Edwards) recommends that Shareholders vote in favour of Resolution 2. The Chair intends to exercise all available proxies in favour of Resolution 2.

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### **5. RESOLUTION 3 – ELECTION OF DIRECTOR – MR STUART CARMICHAEL**

#### **5.1 Constitutional requirements**

Clause 18.2 of the Constitution and Listing Rule 14.4 require that at each annual general meeting, one-third of the Directors are subject to retirement by rotation, provided that no Director where the Company has three or more Directors, one third of the Directors must retire at each annual general meeting.

Clause 18.3 of the Constitution provides that a Director who retires under Clause 18.2 is eligible for re-election.

Accordingly, Mr Stuart Carmichael retires as a Director at the Meeting and, being eligible, seeks approval to be re-elected as a Director.

#### **5.2 Biography**

Mr Carmichael is a Chartered Accountant with over 20 years of experience in the corporate advisory sector, both in Australia and internationally and brings strong corporate governance and significant capital markets experience to the Board.

Mr Carmichael also acts as a Non-Executive Director of ASX listed companies De.mem Limited and ClearVue Technologies Limited and as Non-Executive Chairman of ASX listed Schrole Group Limited.

#### **5.3 Directors' recommendations**

The Board (excluding Mr Carmichael) recommends that Shareholders vote in favour of Resolution 3. The Chair intends to exercise all available proxies in favour of Resolution 3.

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### **6. RESOLUTION 4 – APPROVAL OF 10% PLACEMENT CAPACITY**

#### **6.1 Background**

ASX Listing Rule 7.1A provides that an Eligible Entity (defined below) may seek Shareholder approval by special resolution passed at an annual general meeting to have the capacity to issue up to that number of Equity Securities (as defined below) equal to 10% of its issued capital (10% Placement Capacity) without using that company's existing 15% annual placement capacity granted under ASX Listing Rule 7.1.

If Shareholders approve Resolution 4, the number of Equity Securities the Eligible Entity may issue under the 10% Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (as set out in Section 7.1 below).

The effect of Resolution 4 will be to allow the Directors to issue Equity Securities up to 10% of the Company's fully paid ordinary securities on issue under the 10% Placement Capacity during the period up to 12 months after the Meeting, without subsequent Shareholder approval and without using the Company's 15% annual placement capacity granted under Listing Rule 7.1.

Resolution 4 is a special resolution. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 3 for it to be passed.

## **6.2 Applicable Listing Rules**

ASX Listing Rule 7.1A came into effect on 1 August 2012 and enables an Eligible Entity to seek shareholder approval at its annual general meeting to issue Equity Securities in addition to those under the Eligible Entity's 15% annual placement capacity.

An Eligible Entity is one that, as at the date of the relevant annual general meeting:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000, (Eligible Entity).

The Company is an Eligible Entity.

## **6.3 Information on Additional Placement Facility**

As at the date of this Notice, the Company currently has on issue 722,096,113 Shares and the last recorded closing price of the Shares on 11 October 2018 was 0.2 cents. The Company is an Eligible Entity as it is not included in the S&P/ASX 300 Index and has a current market capitalisation of \$1,444,192.

An Equity Security is a share, a unit in a trust, a right to a share or unit in a trust or option, an option over an issued or unissued security, a convertible security, or, any security that ASX decides to classify as an equity security

Any Equity Securities issued must be in the same class as an existing class of quoted Equity Securities. The Company currently has three classes of quoted Equity Securities on issue, being Shares (ASX Code: S3R) and two classes of options over shares (ASX Codes: "S3ROA", "S3ROB").

The exact number of Equity Securities that the Company may issue under an approval under Listing Rule 7.1A will be calculated according to the following formula:

$$\text{Additional Placement Capacity} = (A \times D) - E$$

where:

A = the number of fully paid ordinary securities on issue 12 months before the issue date or date of agreement to issue:

- plus the number of fully paid ordinary securities issued in the 12 months under an exception in Listing Rule 7.2;
- plus the number of partly paid ordinary securities that became fully paid in the 12 months;
- plus the number of fully paid ordinary securities issued in the 12 months with approval of holders of ordinary securities under Listing Rule 7.1 or Listing Rule 7.4;
- less the number of fully paid ordinary securities cancelled in the 12 months.

D = 10%

E = 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 issue or agreement to issue that are not issued with the approval of Shareholders under Listing Rule 7.1 or 7.4.

#### **6.4 Listing Rule requirements**

Pursuant to and in accordance with Listing Rule 7.3A, the following information is provided in relation to the proposed approval of the Additional Placement Facility:

(a) Minimum price at which Equity Securities may be issued

The issue price of any Equity Security under the Additional Placement Facility will not be less than 75% of the VWAP for 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 securities are to be issued is agreed; or
- (ii) if the securities are not issued within 5 trading days of the date above, the date on which the securities are issued.

(b) Risk of economic and voting dilution

If Resolution 3 is passed and the Company issues securities under the Additional Placement Facility, then there is a risk to existing Shareholders of economic and voting dilution, including the risk that:

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

on the issue date or the new Equity Securities may be issued in consideration for the acquisition of a new asset.

The table below identifies the potential dilution to existing Shareholders following the issue of Equity Securities under the Additional Placement Facility (based on the formula set out above) using different variables for the number of issued Shares and the market price of Shares.

The numbers are calculated on the basis of the latest available market price of Shares before the date of this Notice and the current number of Shares on issue.

Variable A in Listing Rule 7.1A		Nominal issue price		
		\$0.001 (100% decrease in market price)	\$0.002 (market price)	\$0.004 (100% decrease in market price)
<b>Current issued capital</b> <b>A = 722,096,113</b> <b>Shares</b>	Shares issued under LR 7.1A	72,209,611	72,209,611	72,209,611
	Voting dilution	10%	10%	10%
	Funds raised	\$72,210	\$144,419	\$288,838
<b>50% increase in issued capital</b> <b>A = 1,083,144,170</b> <b>Shares</b>	Shares issued under LR 7.1A	108,314,417	108,314,417	108,314,417
	Voting dilution	10%	10%	10%
	Funds raised	\$108,314	\$216,629	\$433,258
<b>100% increase in issued capital</b> <b>A = 1,444,192,226</b> <b>Shares</b>	Shares issued under LR 7.1A	144,419,223	144,419,223	144,419,223
	Voting dilution	10%	10%	10%
	Funds raised	\$144,419	\$288,838	\$577,677

This table has been prepared on the following assumptions:

1. the latest available market price of Shares, being the closing price as at 11 October 2018, was \$0.002;
2. the Company issues the maximum number of equity securities available under the Additional Placement Facility;
3. existing Shareholders' holdings do not change from the date of this Meeting to the date of the issue under the Additional Placement Facility;
4. the Company issues Shares only and does not issue other types of equity securities (such as Options) under the Additional Placement Facility; and
5. the impact of placements under Listing Rule 7.1 or following the exercise of options is not included in the calculations.

(c) Date by which Equity Securities may be issued

Equity Securities may be issued under the Additional Placement Facility for 12 months after the Meeting.

However, the approval to the Additional Placement Facility under this Resolution will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or Listing Rule 11.2 (disposal of main undertaking).

(d) Purpose for which Equity Securities may be issued

The Company may seek to issue Equity Securities under the Additional Placement Facility for the following purposes:

- (i) cash consideration to fund business growth, to acquire new assets or make investments, to develop the Company's existing assets and operations and for general working capital; and
- (ii) non-cash consideration to acquire new assets or make investments. In these circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3.

(e) Allocation policy

The Company's allocation policy for the issue of Equity Securities under the Additional Placement Facility will depend on the prevailing market conditions at the time of the proposed issue. The allottees will be determined on a case-by-case basis having regard to the factors such as:

- (i) the methods of raising funds that are available to the Company, including but not limited to, rights issues or other issues in which existing security holders can participate;
- (ii) the effect of the issue of the new securities on the control of the Company;
- (iii) the financial situation and solvency of the Company;
- (iv) prevailing market conditions; and
- (v) advice from corporate and other advisors.

As at the date of this Notice, the Company has not identified any proposed allottees of Equity Securities using the Additional Placement Facility. However, the eventual allottees may include existing substantial Shareholders, other Shareholders and/or new investors.

None of the allottees will be a related party or an associate of a related party of the Company. Existing Shareholders may or may not be entitled to subscribe for Equity Securities under the Additional Placement Facility and it is possible that their shareholding will be diluted.

If the Additional Placement Facility is used to acquire new assets or investments, then it is likely that the allottees will be the vendors of these assets/investments.

The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A upon issue of any Equity Securities under the Additional Placement Facility.

(f) Equity securities issued under previous placement facility approval

The Company previously obtained Shareholder approval under Listing Rule 7.1A at its 2017 annual general meeting held on 30 November 2017. In the 12 months preceding the date of the 2018 Annual General Meeting and as at the date of this Notice, the Company has issued 525,174,313 Equity Securities. The Equity Securities represents 124% of the total number of Equity Securities on issue at the commencement of that 12 month period and an increase in total Equity Securities on issue of 221% during the 12 month period (taking into account conversion from one class of Equity Securities to another).

Details of each issue of Equity Securities by the Company during the 12 months preceding the date of this Meeting are set out in table in **Schedule 1**.

## **7.5 Directors' recommendation**

The Board unanimously recommends that Shareholders vote in favour of Resolution 4 as it will provide the Company with the flexibility to raise additional capital.

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## **7. RESOLUTION 5 – RE-ADOPTION OF THE EMPLOYEE OPTION PLAN**

### **7.1 Background**

Resolution 5 seeks Shareholder approval to re-adopt the Employee Option Plan (**Plan**), to provide ongoing incentives to key employees, consultants and officers of the Company.

If Resolution 5 is passed, the Plan will enable the Company to issue options to employees, consultants and officers of the Company (**Employee Options**) and to issue Shares to those employees, consultants and officers, if they choose to exercise their Employee Options. In the case of a Director, no Employee Options may be issued to the Director without express Shareholder approval of the numbers and terms of the Employee Options.

### **7.2 Listing Rule 7.1**

An exception to ASX listing Rule 7.1 is set out in ASX Listing Rule 7.2 (Exception 9) which provides that Listing Rule 7.1 does not apply to an issue under an employee incentive scheme if, within the three years before the date of issue, shareholders have approved the issue as an exception to Listing Rule 7.1.

Shareholder approval is sought to adopt the Plan in accordance with Exception 9 of the ASX Listing Rule 7.2 and to enable the Company to subsequently grant the Employee Options under the Plan, without having to obtain Shareholder approval each time the Company wishes to issue securities which exceed the 15% limit contained in Listing Rule 7.1 and do not otherwise fall within one of the nominated Listing Rule exemption.

The maximum number of Employee Options that can be issued under the Plan is not to be in excess of 5% of the total number of Shares on issue.

### **7.3 Material Terms of the Plan**

The Employee Options are issued under the terms of the Plan. A copy of the full terms of the Plan may be obtained upon request to the Company Secretary. A summary of the key terms of the Plan is set out in **Schedule 2**.

### **7.4 Specific Information Required by Listing Rule 7.2**

In accordance with Listing Rule 7.2 Exception 9, information is provided as follows:

- (a) The material terms of the Plan are summarised in **Schedule 2**;
- (b) 13,721,668 Employees Options have been issued since the last approval on 12 November 2015;
- (c) A voting exclusion statement is included in the Notice in connection with Resolution 5.

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## GLOSSARY

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**\$** means Australian dollars.

**Additional Placement Capacity** has the meaning given to that term in Section 6.1 of this Explanatory Statement.

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

**Annual Report** means the annual report of the Company for the 2018 financial year, including the annual financial report, the Directors' report and the Auditor's report for the financial year ended 30 June 2018.

**ASIC** means the Australian Securities and Investments Commission.

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

**ASX** means ASX Limited.

**Board** means the current board of directors of the Company.

**Business Day** means a day that is not a Saturday, Sunday, New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, or a day that is not an ASX trading day.

**Chair** means the chairperson of the Meeting.

**Closely Related Party** of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the *Corporations Regulations 2001* (Cth) – currently are none prescribed.

**Company** or **Serpentine** means Serpentine Technologies Limited (ACN 158 307 549).

**Company Secretary** means the Company's company secretary, being Mr Brett Tucker.

**Constitution** means the Company's constitution.

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

**Director** means a director of the Company.

**Employee Option Plan** means the Employee Incentive Scheme adopted by the Company on 12 November 2015.



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

**Explanatory Statement** means the explanatory statement accompanying the Notice.

**Key Management Personnel** those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise).

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

**Notice of Annual General Meeting** or **Notice** means the Notice of Annual General Meeting to which this Explanatory Statement is attached.

**Officer** means a Director of the Company or such other person within the meaning of that term as defined by the Corporations Act.

**Option** means an option which entitles the holder to subscribe for one Share.

**Proxy Form** means the proxy form accompanying the Notice.

**Relevant Person** means:

- (a) in respect of an Eligible Participant, that person; and
- (b) in respect of a Nominee of an Eligible Participant, that Eligible Participant.

**Remuneration Report** means the remuneration report appearing in the Annual Report.

**Resolution** means a resolution set out in the Notice of Special Meeting or Notice of General Meeting, or all of them, as the context requires.

**Section** means a section of this Explanatory Statement.

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

**Shareholder** means a holder of a Share.

**VWAP** means volume weighted average price.

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

## Schedule 1 – Equity Securities issued in previous 12 months

Issue Date	Number and Class	Allottees	Issue price	Discount to market price	Cash consideration and use of funds	Non cash consideration and current value
13 December 2017	<p>a) 192,492,918 fully paid ordinary shares</p> <p>b) 76,997,164 Unlisted options over fully paid ordinary shares, exercisable at \$0.004 each and expiring on 30 April 2021</p> <p>c) 31,679,375 fully paid ordinary shares</p> <p>d) 13,525,493 fully paid ordinary shares</p>	<p>a) – b) Rights issue investors</p> <p>c) Convertible note holders</p> <p>d) Performance share holders</p>	<p>a) \$0.002</p> <p>b) nil</p> <p>c) nil</p> <p>d) nil</p>	<p>a) 71% discount based on ASX closing share price of \$0.007 on the date of issue</p>	<p>a) – b) Consideration of \$0.002 per share with two free attaching options for every five shares as detailed in the Rights Offer Prospectus dated 17 November 2017, raising a total of \$384,986.</p> <p>Total funds of \$364,762 have been applied as detailed in the Rights Offer Prospectus dated 17 November 2017, for sales and marketing, costs of the Rights Offer, and working capital. The remaining funds on hand of \$20,224 are intended to be applied in the same manner.</p>	<p>c) Shares issued on conversion and full satisfaction of 50,687 convertible notes with a face value of \$50,687. Notes convert automatically upon the completion of the Rights Offer.</p> <p>d) Shares issued on conversion of 13,525,493 performance shares under the terms of the performance shares, comprising 3,881,372 Class A performance shares, 3,881,375 Class B performance shares, 2,881,373 Class C performance shares and 2,881,373 Class D performance shares.</p> <p>The deemed value of the shares issued base on the closing ASX share price on the date of issue of \$0.007 is \$94,678.</p>
19 December 2017	24,974,950 fully paid ordinary shares	Rights issue shortfall investors	\$0.002	<p>a) 75% discount based on ASX closing share price of \$0.008 on the date of issue</p>	<p>a) – b) Consideration of \$0.002 per share with two free attaching options for every five shares as detailed in the Prospectus dated 23 January 2018, raising a total of \$49,950.</p> <p>No funds have been spent and are intended to be applied as detailed in the Rights Offer Prospectus dated 17 November 2017.</p>	Not applicable
3 January 2018	40,000,000 unlisted options exercisable at \$0.004 each and expiring on 30 April 2021	Nominees of Alto Capital	nil	nil	Not applicable	Unlisted options issued in lieu of invoiced corporate advisory services totalling \$60,000 from Alto Capital. The current value of the options based on a Black & Scholes valuation, assuming share price

Issue Date	Number and Class	Allottees	Issue price	Discount to market price	Cash consideration and use of funds	Non cash consideration and current value
						volatility of 100% and based on a current price of \$0.002 per Share is \$0.0009 per option for a total valuation of \$36,000.
3 January 2018	2,520,000 fully paid ordinary shares	Option holders	\$0.004	73% discount based on ASX closing share price of \$0.015 on the date of issue	Consideration of \$10,080 on exercise of 2,520,000 options to acquire shares at \$0.004 per share. No funds have been spent and are intended to be applied for working capital.	Not applicable
4 January 2018	25,779,380 fully paid ordinary shares	Option holders	\$0.004	73% discount based on ASX closing share price of \$0.015 on the date of issue	Consideration of \$103,117.52 on exercise of 25,779,380 options to acquire shares at \$0.004 per share. No funds have been spent and are intended to be applied for working capital.	Not applicable
12 January 2018	11,061,415 fully paid ordinary shares	Option holders	\$0.004	71% discount based on ASX closing share price of \$0.014 on the date of issue	Consideration of \$44,245.66 on exercise of 11,061,415 options to acquire shares at \$0.004 per share. No funds have been spent and are intended to be applied for working capital.	Not applicable
25 January 2018	69,743,618 fully paid ordinary shares	Rights issue shortfall investors	\$0.002	a) 80% discount based on ASX closing share price of \$0.010 on the date of issue	a) – b) Consideration of \$0.002 per share with two free attaching options for every five shares as detailed in the Prospectus dated 23 January 2018, raising a total of \$139,487. Offer was fully subscribed.  No funds have been spent and are intended to be applied as detailed in the Rights Offer Prospectus dated	Not applicable

Issue Date	Number and Class	Allottees	Issue price	Discount to market price	Cash consideration and use of funds	Non cash consideration and current value
					23 January 2018, against costs of Shortfall Offer and working capital.	
23 March 2018	a) 26,000,000 fully paid ordinary shares b) 10,400,000 listed options exercisable at \$0.004 each and expiring on 30 April 2021	Directors of the Company - 10,000,000 fully paid ordinary shares and 4,000,000 listed options to Mr Stuart Carmichael - 10,000,000 fully paid ordinary shares and 4,000,000 listed options to Mr Michael Edwards - 6,000,000 fully paid ordinary shares and 2,400,000 listed options to Mr Colm O'Brien	a) \$0.002 b) nil	71% discount based on ASX closing share price of \$0.007 on the date of issue	17,000,000 fully paid ordinary shares issued at \$0.002 each with two free attaching options for every five shares as detailed in the Rights Offer Prospectus dated 17 November 2017, to raise \$34,000. No funds have been spent and are intended to be applied for working capital. 6,800,000 free attaching listed options, on the same terms as the securities that were offered under the Rights Offer Prospectus dated 17 November 2017.	9,000,000 fully paid ordinary shares issued as part consideration for outstanding Directors' fees, with a face value of \$18,000, with two free attaching options for every five shares as detailed in the Rights Offer Prospectus dated 17 November 2017. 3,600,000 free attaching listed options, on the same terms as the securities that were offered under the Rights Offer Prospectus dated 17 November 2017.

## Schedule 2 – Employee Option Plan Terms

Summary of the Employee Option Plan and terms on which Invitations may be made:

- (a) The Directors, at their discretion, may issue Plan Options to Participants at any time, having regard to relevant considerations such as the Participant's past and potential contribution to the Company, and their period of employment with the Company.
- (b) Participants in the Employee Option Plan are a person who is an 'eligible participant' (as that term is defined in ASIC Class Order 14/1000) in relation to the Company or a subsidiary of the Company, and has been determined by the Board to be eligible and participate in the Plan from time to time. The Company will seek Shareholder approval for Director and related party participation in accordance with Listing Rule 10.14.
- (c) The Employee Option Plan is administered by the Directors of the Company, who have the power to:
  - (i) Determine appropriate procedures for administration of the Employee Option Plan consistent with its terms;
  - (ii) Resolve conclusively all questions of fact or interpretation in connection with the Employee Option Plan;
  - (iii) Delegate the exercise of any of its powers or discretions arising under the Employee Option Plan to any one or more persons for such period and on such conditions as the Board may determine; and
  - (iv) Suspend, amend or terminate the Employee Option Plan.
- (d) Plan Options must be granted for nil consideration.
- (e) The exercise price of the Plan Options shall be determined by the Board (in its discretion), provided that in no event shall the exercise price be less than 80% of the average closing sale price of the Shares on ASX over the 5 trading days immediately preceding the date of the Invitation.
- (f) A Plan Option may not be granted if, immediately following its grant, the Shares to be received on exercise of the Option when aggregated with:
  - (i) The number of Shares in the same Share class that would be issued if each outstanding Invitation to acquire Shares and Options under the Plan or any other employee incentive scheme of the Company were accepted or exercised; and
  - (ii) The number of Shares in the same class issued during the previous 3 years under the Plan or any other employee incentive scheme of the Company extended only to Employees,

Exceeds 5% of the total number of issued Shares in that Share class of the Company at the time the invitation to acquire the Option is made, provided that the Board may, in its absolute discretion, increase this percentage, subject to any applicable Corporations Act, Listing Rule (including the conditions and restrictions on issuing securities in Listing Rule 7.1) or ASIC Class Order requirements.

- (g) The Shares to be issued on exercise of the Plan Options will be issued on the same terms as the fully paid, ordinary shares of the Company and will rank equally with all the Company's then existing Shares.
- (h) The Board may determine the time periods or performance hurdles after which the Plan Options will vest and the percentage of Plan options issued which will vest at each particular time. The Employee Option Plan provides for the release of vesting conditions at the Board's discretion in the event of a change of control of the Company.
- (i) A Plan Option must be exercised (if at all) not later than its expiry date and may only be exercised at any time after the Plan Option has vested. The Board may determine (in its absolute discretion) any further conditions of exercise with the terms of the Employee Option Plan.
- (j) Plan Options will not be listed for quotation. However, the Company will make application to ASX for official quotation of all Shares issued on exercise of the Plan Options as soon as practicable after their Issue Date.
- (k) The Plan Options are not transferrable until vested, except at the discretion of the board, subject to compliance with the Corporations Act.

# PROXY FORM – ANNUAL GENERAL MEETING

## SERPENTINE TECHNOLOGIES LTD

ACN 158 307 549

## All correspondence to:

Serpentine Technologies Ltd

PO Box 902

West Perth WA 6872

Phone: 08 9482 0580

Email: btucker@ventnorcapital.com

I/We

(insert name of holder – please print)

Of

(insert address of holder – please print)

## Appointment of Proxy

I/We being member/s of Serpentine Technologies Ltd and entitled to attend and vote hereby appoint

The Chair of the Meeting (mark with an 'X')

OR

Write here the name of the person you are appointing if this person **is someone other than** the Chair of the Meeting

or failing the person named, or if no person is named, the Chair of the Meeting or a nominee of the Chair, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Serpentine Technologies Ltd to be held at Ground Floor, 16 Ord Street, West Perth, Western Australia on Tuesday, 27 November 2018 at 9:30 am (WST) and at any adjournment of that meeting.

**Important:** The Chair of the Meeting intends to vote all undirected proxies in favour of all Resolutions. If the Chair of the Meeting is your proxy or is appointed your proxy by default, unless you indicate otherwise by ticking either the 'for', 'against' or 'abstain' box, you will be authorising the Chairman to vote in accordance with the Chairman's voting intentions even if those Resolutions are connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

## Voting directions to your proxy - please mark

### Ordinary business

X to indicate your directions

For Against Abstain\*

- |                     |                                             |
|---------------------|---------------------------------------------|
| <b>Resolution 1</b> | REMUNERATION REPORT                         |
| <b>Resolution 2</b> | ELECTION OF DIRECTOR – MR MICHAEL EDWARDS   |
| <b>Resolution 3</b> | ELECTION OF DIRECTOR – MR STUART CARMICHAEL |
| <b>Resolution 4</b> | APPROVAL OF 10% PLACEMENT CAPACITY          |
| <b>Resolution 5</b> | RE-ADOPTION OF EMPLOYEE OPTION PLAN         |

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

PLEASE SIGN HERE

This section **must** be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date

**Proxy Notes:**

A Shareholder entitled to attend and vote at the Meeting may appoint a natural person as the Shareholder's proxy to attend and vote for the Shareholder at the Meeting. If the Shareholder is entitled to cast 2 or more votes at the Meeting the Shareholder may appoint not more than 2 proxies. Where the Shareholder appoints more than one proxy the Shareholder may specify the proportion or number of votes each proxy is appointed to exercise. If such proportion or number of votes is not specified each proxy may exercise half of the Shareholder's votes. A proxy may, but need not be, a Shareholder of the Company.

If a Shareholder appoints a body corporate as the Shareholder's proxy to attend and vote for the Shareholder at that Meeting, the representative of the body corporate to attend the Meeting must produce the Certificate of Appointment of Representative prior to admission. A form of the certificate may be obtained from the Company's share registry.

You must sign this form as follows in the spaces provided:

**Individual** where the holding is in one name, the holder must sign.

**Joint Holding:** where the holding is in more than one name all of the holders should sign.

**Power of Attorney:** if signed under a Power of Attorney, you must have already lodged it with the registry, or alternatively, attach a certified photocopy of the Power of Attorney to this Proxy Form when you return it.

**Companies:** a Director can sign jointly with another Director or a Company Secretary. A sole Director who is also a sole Company Secretary can also sign. Please indicate the office held by signing in the appropriate space.

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Representative" should be produced prior to admission. A form of the certificate may be obtained from the Company's Share Registry.

Proxy Forms (and the power of attorney or other authority, if any, under which the Proxy Form is signed) or a copy or email which appears on its face to be an authentic copy of the Proxy Form (and the power of attorney or other authority) must be deposited at or received by email transmission at the address below no later than 48 hours prior to the time of commencement of the Meeting (WST).

**Postal deliveries:** Serpentine Technologies Ltd  
PO Box 902  
West Perth WA 6872

**Email** btucker@ventnorcapital.com