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**GALAN LITHIUM LIMITED**

**ACN 149 349 646**

**NOTICE OF ANNUAL GENERAL MEETING**

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**TIME:** 12:30pm (WST)  
**DATE:** 29 November 2018  
**PLACE:** The Park Business Centre  
45 Ventnor Avenue  
WEST PERTH WA 6005

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

***Should you wish to discuss the matters in this Notice of Annual General Meeting please do not hesitate to contact the Company Secretary on (+61 8) 9322 6418.***

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## IMPORTANT INFORMATION

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### TIME AND PLACE OF MEETING

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Notice is given that the Annual General Meeting of the Shareholders convened by this Notice of Meeting will be held at 12:30pm (WST) on Thursday 29 November 2018 at:

The Park Business Centre  
45 Ventnor Avenue  
WEST PERTH WA 6005

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### YOUR VOTE IS IMPORTANT

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The business of the Annual General Meeting affects your Shareholding and your vote is important.

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### ATTENDANCE AND VOTING ELIGIBILITY

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For the purposes of regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) the Directors have determined that the Shares quoted on the ASX at 5.00pm WST on 27 November 2018 will be taken, for the purposes of this Annual General Meeting, to be held by the persons who held them at that time. Accordingly those persons are entitled to attend and vote (if not excluded) at the Meeting.

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### VOTING IN PERSON

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

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### VOTING BY PROXY

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To vote by proxy, please complete and sign the Proxy Form enclosed (and the power of attorney or other authority (if any) under which it is signed (or a certified copy)) and either:

- (a) deliver the Proxy Form to the Company's registered office at Level 2, 38 Richardson Street, West Perth, Western Australia 6005;
- (b) send the Proxy Form by post to Galan Lithium Limited, PO Box 396, West Perth, Western Australia 6872; or
- (c) send the Proxy Form by facsimile to the Company on facsimile number (08) 9322 6398; or
- (d) email the Proxy Form to [mrobbins@galanlithium.com.au](mailto:mrobbins@galanlithium.com.au)

so that it is received not later than 12:30pm (WST) on 27 November 2018.

**Proxy Forms received later than this time will be invalid.**

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## NOTICE OF GENERAL MEETING

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Notice is given that the Annual General Meeting of Shareholders of Galan Lithium Limited will be held at **The Park Business Centre, 45 Ventnor Avenue, West Perth, Western Australia at 12:30pm WST on Thursday 29 November 2018.**

The Explanatory Memorandum to this Notice of Meeting provides additional information on matters to be considered at the Annual General Meeting. The Explanatory Memorandum and the Proxy Form are part of this Notice of Meeting.

Terms and abbreviations used in this Notice of Meeting and Explanatory Memorandum (including any Annexures) are defined in the Glossary unless defined elsewhere in the Explanatory Memorandum.

## AGENDA

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### FINANCIAL STATEMENTS AND REPORTS

**To receive and consider** the 2018 Financial Report together with the Declaration of the Directors, the Directors' Report, the Remuneration Report and the Auditor's Report thereon.

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### RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

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

*"That, for the purpose of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report."*

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

#### Voting Prohibition Statement:

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

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

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

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

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### RESOLUTION 2 – ELECTION OF DIRECTOR – MR JUAN PABLO VARGAS DE LA VEGA

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

*"That for all purposes, Mr Juan Pablo Vargas de la Vega, the Managing Director of the Company appointed under the casual vacancy provisions of the Constitution, retires in accordance with the Constitution, and being willing and eligible for election, is elected as a Director."*

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### RESOLUTION 3 – ELECTION OF DIRECTOR – MR JINYU (RAYMOND) LIU

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

*"That for all purposes, Mr Jinyu (Raymond) Liu, a Non-Executive Director of the Company appointed under the casual vacancy provisions of the Constitution, retires in accordance with the Constitution, and being willing and eligible for election, is elected as a Director."*

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#### **RESOLUTION 4 – RE-ELECTION OF DIRECTOR – MR CHRIS CHALWELL**

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

*"That Mr Chris Chalwell, a Non-Executive Director, who retires by rotation in accordance with the Constitution, and being willing and eligible for re-election, is re-elected as a Director."*

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#### **RESOLUTION 5 – 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 ASX 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 ASX Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Memorandum."*

**Voting Exclusion Statement:**

The Company will disregard any votes cast in favour of this Resolution by a 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 holder of ordinary securities) if the resolution is passed and any associates of those persons. However, the company need 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 chair 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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#### **RESOLUTION 6 – REFRESH APPROVAL OF THE PROPORTIONAL TAKEOVER PROVISIONS**

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

*"That approval of the proportional takeover provisions in Part 25 of the Company's Constitution be refreshed for a further period of three years from the date of the Meeting."*

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#### **RESOLUTION 7 – CREATION OF NEW CLASSES OF SECURITIES – CLASS A PERFORMANCE SHARES AND CLASS B PERFORMANCE SHARES**

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

*"That for the purpose of section 246B of the Corporations Act, clause 3.2 of the Constitution and for all other purposes, the Company is authorised to issue Class A Performance Shares and Class B Performance Shares on the terms and conditions set out in the Explanatory Memorandum."*

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#### **RESOLUTION 8 – APPROVAL OF ISSUE OF PERFORMANCE SHARES TO MR JUAN PABLO VARGAS DE LA VEGA**

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

*"Subject to the passing of Resolution 7, that for the purposes of ASX Listing Rule 10.11, Section 200B of the Corporations Act and for all other purposes, Shareholders approve the issue of up to 5,000,000 Class A Performance Shares and 5,000,000 Class B Performance Shares to Mr Juan Pablo Vargas de la Vega, who is a Director, and/or his nominee(s), on the terms and conditions and in the manner set out in the Explanatory Memorandum."*

**Voting Exclusion Statement:**

The Company will disregard any votes cast in favour of this Resolution by Mr Juan Pablo Vargas de la Vega and/or his nominee(s) and any of their associates. However, the Company need 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 Chair 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 Statement:**

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

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

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

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

To deal with any business that may be lawfully brought forward.

## PROXIES

A Shareholder entitled to attend and vote at the Meeting has a right to appoint a proxy to attend and vote instead of the Shareholder. A proxy need not be a Shareholder and can be either an individual or a body corporate. If a Shareholder appoints a body corporate as a proxy that body corporate will need to ensure that it:

- a) appoints an individual as its corporate representative to exercise its powers at the Meeting, in accordance with section 250D of the Corporations Act; and
- b) provides the Company with satisfactory evidence of the appointment of its corporate representative prior to commencement of the Meeting.

If such evidence is not received before the Meeting, then the body corporate (through its representative) will not be permitted to act as proxy.

A Shareholder who is entitled to cast two (2) or more votes may appoint two (2) proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If no proportion or number is specified, each proxy may exercise half of the Shareholder's votes. Fractions of votes will be disregarded.

In order to vote on behalf of a company that is a Shareholder, a valid Power of Attorney in the name of the attendee, must be either lodged with the Company prior to the Meeting, or be presented at the Meeting before registering on the attendance register for the Meeting.

Forms to appoint proxies, and the Power of Attorney (if any) under which they are signed, must be posted or lodged at the registered office of the Company, at Level 2, 38 Richardson Street, West Perth WA 6005, or PO Box 396 West Perth WA 6872, or by facsimile to (61 8) 9322 6398, or by email to [mrobbins@galanlithium.com.au](mailto:mrobbins@galanlithium.com.au) not less than 48 hours before the time of the Meeting or resumption of an adjourned meeting at which the person named in the instrument proposes to vote.

An instrument appointing a proxy:

- a) shall be in writing under the hand of the appointor or of his attorney, or if the appointor is a corporation, either under seal or under the hand of a duly authorised officer or attorney;
- b) may specify the manner in which the proxy is to vote in respect of a particular Resolution and, where an instrument of proxy so provides, the proxy is not entitled to vote on the Resolution except as specified in the instrument;
- c) shall be deemed to confer authority to demand or join in demanding a poll;
- d) shall be in such form as the Directors determine and which complies with section 250A of the Corporations Act; and
- e) which appoints the Chair as proxy but does not specify the way in which the proxy is to vote on a particular Resolution will be recorded as voting in favour of the Resolutions (subject to the other provisions of these notes on proxies and any required voting exclusions including those in the Notice) as this is the Chair's voting intention.

## Corporations

A corporation may elect to appoint a representative in accordance with the Corporations Act in which case the Company will require written proof of the representative's appointment, which must be lodged with, or presented to, the Company before the commencement of the Meeting.

Proxies given by corporate Shareholders must be executed in accordance with their constitutions, or signed by a duly authorised attorney. A proxy may decide whether to vote on any motion, except where the proxy is required by law or the Constitution to vote, or abstain from voting, in their capacity as proxy.

The enclosed Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

## Undirected and Directed Proxies

The Company encourages all Shareholders who submit proxies to direct their proxy how to vote on each Resolution.

The Company will not disregard any votes cast on a Resolution by a person if the person is the Chair voting an undirected proxy and their appointment expressly authorises the Chair to exercise the proxy.

If you intend to appoint the Chair as your proxy, you can direct him how to vote by marking the boxes for each resolution (for example, if you wish to vote "for", "against" or "abstain" from voting), or you cannot mark any of the boxes and give the Chair your express authority to vote your undirected proxy (in which case the Chair will vote in favour of all Resolutions).

If you intend to appoint another member of the Key Management Personnel (such as one of the Directors) or one of their Closely Related Parties as your proxy, please ensure that you direct them how to vote on Resolutions 1 and 8. If you leave your proxy form undirected on Resolutions 1 and 8, the relevant Key Management Personnel (other than the Chair) and their Closely Related Parties will not be able to vote your shares on those resolutions. If the Chair is your proxy and you do not direct the Chair how to vote in respect of Resolutions 1 and 8 on the proxy form, you will be deemed to have directed and expressly authorised the Chair to vote your proxy in favour of Resolutions 1 and 8. This express authorisation acknowledges that the Chair may vote your proxy even though Resolution 1 and 8 are connected directly or indirectly with the remuneration of a Key Management Personnel and even though the Chair may have an interest in the outcome of those resolutions and is prohibited from voting on those resolutions (other than as authorised proxy holder) because of that interest.

In accordance with the Corporations Act, any directed proxies that are not voted on a poll at the meeting will automatically default to the Chair, who is required to vote proxies as directed.

***If you appoint any other person as your proxy***

You do not need to direct your proxy how to vote.

**It is the Chair's intention to vote all undirected proxies in favour of each of Resolutions 1 to 8.**

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**DATED: 26 OCTOBER 2018**

**BY ORDER OF THE BOARD**

**MIKE ROBBINS  
COMPANY SECRETARY**

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## EXPLANATORY MEMORANDUM

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This Explanatory Memorandum has been prepared for the information of shareholders of Galan Lithium Limited in connection with the business specified to be conducted in the Notice of Annual General Meeting at the annual general meeting of Shareholders to be held at **The Park Business Centre, 45 Ventnor Avenue, West Perth, Western Australia 6005 at 12:30pm WST on Thursday 29 November 2018.**

The purpose of this Explanatory Memorandum is to provide information that the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

The Notice of Meeting, Explanatory Memorandum and Proxy Form are all important documents. The Directors recommend that Shareholders read them carefully in their entirety before making a decision on how to vote at the Annual General Meeting.

A Glossary of terms frequently used in this Notice of Meeting and Explanatory Memorandum can be found at the end of this Explanatory Memorandum.

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### 1. FINANCIAL STATEMENTS AND REPORTS

In accordance with the Constitution, the business of the Meeting will include receipt and consideration of the 2018 Financial Report together with the Declaration of the Directors, the Directors' Report, the Remuneration Report and the Auditor's Report thereon.

The Company will not provide a hard copy of the 2018 Financial Report to Shareholders unless specifically requested to do so. The 2018 Financial Report is available on its website at [www.galanlithium.com.au](http://www.galanlithium.com.au).

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### 2. ADOPTION OF REMUNERATION REPORT (RESOLUTION 1)

#### 2.1 Background

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

A reasonable opportunity will be provided for discussion of the Remuneration Report at the Annual General Meeting.

#### 2.2 Voting Consequences

Under changes to the Corporations Act which came into effect on 1 July 2011, if at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report at the 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**).

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 company's AGM where the second consecutive strike is received. All of the directors, other than the Managing Director, who were in office when the Board approved the last Directors' Report, 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.

The Audited Remuneration Report sets out the Company's remuneration arrangements for the Directors and senior management of the Company. The Audited Remuneration Report is part of the Directors' Report contained in the 2018 Financial Report.

At the Company's previous annual general meeting, held on 24 November 2017, less than 25% of votes were cast against the remuneration report at that meeting. Accordingly the Spill Resolution is not relevant for this Annual General Meeting.



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### **3. ELECTION OF DIRECTOR – MR JUAN PABLO VARGAS DE LA VEGA (RESOLUTION 2)**

#### **3.1 Background**

Clause 11.4 of the Constitution requires that any Director appointed to fill a casual vacancy or as an addition to the Board, holds office until the next annual general meeting and is then eligible for election.

Mr Juan Pablo Vargas de la Vega ('JP') was appointed to the Board as Managing Director on 25 June 2018. Mr de la Vega retires by virtue of clause 11.4 of the Constitution and, being willing and eligible for election, seeks election.

JP is a Chilean/Australian mineral industry professional with 15 years of broad experience in ASX listed mining companies, stockbroking and private equity firms and holds a Masters in Mineral Economics from Curtin University, Perth. JP has been a specialist lithium analyst in Australia. JP has also operated a private copper business in Chile and has also worked for BHP, Rio Tinto and Codelco.

#### **Directors' Recommendation**

The Directors (other than Mr de la Vega) recommend that Shareholders vote in favour of Resolution 2.

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### **4. ELECTION OF DIRECTOR – MR JINYU (RAYMOND) LIU (RESOLUTION 3)**

#### **4.1 Background**

Clause 11.4 of the Constitution requires that any Director appointed to fill a casual vacancy or as an addition to the Board, holds office until the next annual general meeting and is then eligible for election.

Mr Jinyu (Raymond) Liu was appointed to the Board as a Non-Executive Director on 25 June 2018. Mr Liu retires by virtue of clause 11.4 of the Constitution and, being willing and eligible for election, seeks election.

Mr Liu is a qualified mining engineer with a commercial background and received his degree in Mining Engineering from University of Western Australia. He also holds a Masters of Minerals Economics from Curtin University and a Western Australia Unrestricted Quarry Manager's licence. Mr Liu is the founding Managing Partner of Havelock Mining Investment, a Hong Kong investment company and has been involved with numerous investments in ASX listed companies and is currently a director of Okapi Resources Ltd. Previously, he has served as a director of Fosun International Australian, a Chinese conglomerate and investments company. Prior to this, he held technical roles at Rio Tinto, KCGM and Mt Gibson Iron.

#### **Directors' Recommendation**

The Directors (other than Mr Liu) recommend that Shareholders vote in favour of Resolution 3.

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### **5. RE-ELECTION OF DIRECTOR – MR CHRIS CHALWELL (RESOLUTION 4)**

#### **5.1 Background**

Clause 11.1 of the Constitution requires that at the Company's annual general meeting in every year, one-third of the Directors for the time being, or, if their number is not a multiple of three (3), then the number nearest one-third, shall retire from office, provided always that no Director (except a Managing Director) shall hold office for a period in excess of three (3) years, or until the third annual general meeting following his or her appointment, whichever is the longer, without submitting himself or herself for re-election.

The Directors to retire at an annual general meeting are those who have been longest in office since their last election, but, as between persons who became Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by drawing lots.

A Director who retires by rotation under clause 11.1 of the Constitution is eligible for re-election.

The Company currently has five (5) Directors and accordingly one (1) must retire by rotation.

Mr Chris Chalwell retires by rotation in accordance with the Constitution and, being willing and eligible for re-election, seeks re-election. The profile of Mr Chalwell is set out in the 2018 Financial Report.

#### **Directors' Recommendation**

The Directors (other than Mr Chalwell) recommend that Shareholders vote in favour of Resolution 4.

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## **6. APPROVAL OF 10% PLACEMENT CAPACITY (RESOLUTION 5)**

### **6.1 Purpose of resolution**

The purpose of this special resolution is to authorise the Directors to seek Shareholder approval to allow it to issue a further 10% of the Company's issued share capital under Listing Rule 7.1A during the 10% Placement Period in addition to and without using the Company's 15% placement capacity under Listing Rule 7.1.

The additional 10% placement capacity under Listing Rule 7.1A is in addition to the existing 15% annual placement capacity available under Listing Rule 7.1.

### **6.2 General information**

Listing Rule 7.1A came into effect on 1 August 2012 and enables "eligible entities" to issue Equity Securities up to 10% of its issued share capital through placements over a 12 month period after the annual general meeting if the Equity Securities are in an existing quoted class of the Company's securities ("**10% Placement Facility**"). The 10% Placement Facility is in addition to the Company's 15% placement annual capacity under Listing Rule 7.1.

An "eligible entity" for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less.

The Company is an eligible entity and has a current market capitalisation of \$27.6 million.

The Company is seeking Shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 10% Placement Facility during the period of 12 months after the Meeting. As Resolution 5 is a special resolution 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 5 for it to be passed.

If Shareholders approve Resolution 5 the exact number of Equity Securities that may 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 6.3 (c) below).

The Company will comply with the disclosure obligations under Listing Rules 7.1A.4 and 3.10.5A upon the issue of any Equity Securities under the 10% Placement Facility.

### **6.3 Description of Listing Rule 7.1A**

#### **(a) Shareholder approval**

The ability to issue Equity Securities under the 10% Placement Facility is subject to Shareholder approval by way of a special resolution at an annual general meeting, which is in addition to the Company's 15% annual placement capacity.

#### **(b) Equity Securities**

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 Company.

The Company, as at the date of the Notice, has two classes of Equity Securities on issue, namely Shares and Quoted Options.

#### **(c) Formula for calculating Additional 10% Placement Facility**

Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an annual general meeting may issue or agree to issue, during the 12 month period after the date of the annual general meeting, a number of Equity Securities calculated in accordance with the following formula:

**(a x d) – e**

*a* is the number of shares on issue 12 months before the date of issue or agreement:

- (i) plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;
- (ii) plus the number of partly paid shares that became fully paid in the 12 months;
- (iii) plus the number of fully paid shares issued in the 12 months with approval of holders of shares under Listing Rule 7.1 and 7.4. This does not include an issue of fully paid shares under the entity's 15% annual placement capacity without shareholder approval;

(iv) 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 an entity'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 issue or agreement to issue that are not issued with the approval of shareholders under Listing Rule 7.1 or 7.4.

**(d) Listing Rule 7.1 and Listing Rule 7.1A**

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1.

At the date of this Notice, the Company has 95,494,620 Shares on issue and therefore has the capacity to issue:

- (i) 15% or 14,324,193 Equity Securities under Listing Rule 7.1; and
- (ii) 10% or 9,549,462 Equity Securities under Listing Rule 7.1A subject to the receipt of the Shareholder approval being sought under this Resolution 5 and subject to the conditions of the Listing Rules regarding Equity Securities issued under Listing Rule 7.1A.

The actual number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities, or the agreement date, in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to 6.3(c) above).

**(e) Information required by Listing Rule 7.3A**

Pursuant to and in accordance with Listing Rule 7.3A, the below information is provided in relation to the approval of the 10% Placement Facility:

**Minimum Price**

The minimum price at which Equity Securities may be issued under the 10% Placement Facility is 75% of the VWAP of securities in the same class calculated over the 15 Trading Days on which trades in that class were recorded immediately before:

- the date on which the price of the Equity Securities are to be issued is agreed; or
- if they are not issued within 5 Trading Days of the date above, the date on which the Equity Securities are issued.

**Date of Issue**

The Equity Securities may be issued under the 10% Placement Facility commencing on the date of the Meeting and expiring on the earlier to occur of:

- the date that is 12 months after the date of this Meeting; or
- the date of the approval by Shareholders of 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).

**Risk of economic and voting dilution**

If Resolution 5 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted as shown in the table below.

Shareholders should note that there is a risk that:

- the market price for the Equity Securities to be issued may be significantly lower on the date of the issue of the Equity Securities than on the date of the Meeting; and
- the Equity Securities may be issued at a price that is at a discount to the market price for those Equity Securities on the issue date.

- a) Any issue of Equity Securities under the 10% Placement Facility will dilute the interests of Shareholders who do not receive any Shares under the issue. If Resolution 5 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 10% Placement Facility, the economic and voting dilution of existing Shares would be as shown in the table below.
- b) The table below shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable "A" calculated in accordance with the formula in Listing Rule 7.1A.2 as at the date of this Notice, assuming the full 10% dilution.
- c) The table also shows the voting dilution impact where the number of Shares on issue (Variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 10% Placement Facility.

Variable "A" in Listing Rule 7.1A.2		Dilution		
		\$0.145 50% decrease in Issue Price	\$0.29 Issue Price	\$0.435 50% increase in Issue Price
<b>Current Variable A</b> 95,494,620 Shares	<b>Shares issued</b>	9,549,462 Shares	9,549,462 Shares	9,549,462 Shares
	<b>Funds raised</b>	\$1,384,672	\$2,769,344	\$4,154,016
<b>50% increase* in current Variable A</b> 143,241,930 Shares	<b>Shares issued</b>	14,324,193 Shares	14,324,193 Shares	14,324,193 Shares
	<b>Funds raised</b>	\$2,077,008	\$4,154,016	\$6,231,024
<b>100% increase* in current Variable A</b> 190,989,240 Shares	<b>Shares issued</b>	19,098,924 Shares	19,098,924 Shares	19,098,924 Shares
	<b>Funds raised</b>	\$2,769,344	\$5,538,688	\$8,308,032

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

The table has been prepared on the following assumptions:

- The current Shares on issue are the Shares on issue at 25 October 2018.
- The issue price set out above is the closing price of the Shares on the ASX on 25 October 2018.
- The Company issues the maximum number of Equity Securities available under the 10% Placement Facility hence the voting dilution is shown in each example as 10%.
- The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own Shareholding depending on their specific circumstances, and if necessary seek advice from their professional advisers.
- No unlisted Options are exercised into Shares before the date of issue of the Equity Securities.
- The table shows only the effect of issues of Equity Securities under ASX Listing Rule 7.1A, and not dilution under the 15% placement capacity under ASX Listing Rule 7.1, under ASX Listing Rule 7.2, or Shareholder approvals under ASX Listing Rule 7.1.
- The issue of Equity Securities under the 10% Placement Facility consists only of Shares.

#### Purpose of issue under 10% Placement Facility

The Company may seek to issue the Equity Securities for the following purposes:

- as cash consideration, in which case the Company intends to use the funds raised towards continued exploration and development of the Company's projects, the evaluation and acquisition of new opportunities and general working capital; or
- as non-cash consideration for the exploration and development of the Company's projects, the evaluation and acquisition of new assets and other investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3.

### Allocation under the 10% Placement Facility

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:

- the purpose of the issue;
- the alternative methods of raising funds that are available to the Company, including but not limited to, an entitlement offer or other issue in which existing security holders can participate;
- the effect of the issue of the Equity Securities on the control of the Company;
- the circumstances of the Company, including but not limited to the financial situation and solvency of the Company;
- prevailing market conditions; and
- 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 this Notice but may include existing Shareholders and/or new Shareholders, who are not related parties of the Company or their associates.

### Previous Approval under ASX Listing Rule 7.1A

The Company last obtained Shareholder approval under Listing Rule 7.1A at its Annual General Meeting held on 24 November 2017.

### Voting Exclusive

A voting exclusion statement is included in the Notice. At the date of the Notice, the Company has not invited any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in an issue of Equity Securities under ASX Listing Rule 7.1A. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice.

### 6.4 Listing Rule 7.3A.6 Details of Equity Securities issued during last 12 months

Date of Issue	30 Nov 2017	30 Nov 2017	30 Nov 2017	11 Dec 2017
Number issued	400,000	200,000	3,000,000	2,040,000
Class/Type	Ordinary Shares	Quoted Options	Unquoted Options	Ordinary Shares
Summary of Terms	NA	Exercisable on or before 31 December 2018 @ \$0.14	Exercisable on or before 29 November 2019 @ \$0.15	NA
Name of Persons Issued Securities	Directors	Directors	Directors	Sophisticated Investors
Deemed/Issue Price	\$0.05	Nil	NA	\$0.05
Discount to market	NA	NA	NA	NA
<b>CASH ISSUES</b>				
Cash Received	\$20,000	NA	NA	\$102,000
Cash Spent	\$20,000	NA	NA	\$102,000
Use of Cash	Due diligence costs on investment opportunities and working capital	NA	NA	Due diligence costs on investment opportunities and working capital
Cash Unspent	\$Nil	NA	NA	\$Nil
<b>NON-CASH ISSUES</b>				
Non-cash consideration	NA	Quoted Options	Unquoted Options	NA
Current value of non-cash consideration	NA	\$2,187 - Black Scholes valuation at issue date	\$43,800 - Black Scholes valuation at grant date	NA

Date of Issue	11 Dec 2017	11 Dec 2017	14 Feb 2018	14 May 2018
Number issued	1,020,000	500,000	7,700,000	17,300,000
Class/Type	Quoted Options	Unquoted Options	Ordinary Shares	Ordinary Shares
Summary of Terms	Exercisable on or before 31 December 2018 @ \$0.14	Exercisable on or before 29 November 2019 @ \$0.15	NA	NA
Name of Persons Issued Securities	Sophisticated Investors	Robbins	Sophisticated Investors	Sophisticated Investors
Deemed/Issue Price	Nil	NA	\$0.08	\$0.08
Discount to market	NA	NA	NA	NA
<b>CASH ISSUES</b>				
Cash Received	NA	NA	\$616,000	\$1,384,000
Cash Spent	NA	NA	\$616,000	\$284,000
Use of Cash	NA	NA	Due diligence costs on Blue Sky Lithium investment and working capital	Due diligence costs on Blue Sky Lithium investment and working capital
Cash Unspent	NA	NA	\$Nil	\$1,100,000
<b>NON-CASH ISSUES</b>				
Non-cash consideration	Quoted Options	Unquoted Options	NA	NA
Current value of non-cash consideration	\$10,487 - Black Scholes valuation at issue date	\$7,077 - Black Scholes valuation at grant date	NA	NA

Date of Issue	25 Jun 2018	25 Jun 2018	25 Jun 2018	19 Jul 2018
Number issued	20,000,000	5,000,000	3,000,000	150,000
Class/Type	Ordinary Shares	Ordinary Shares	Unquoted Options	Ordinary Shares
Summary of Terms	NA	NA	Exercisable on or before 31 December 2019 @ \$0.14	Conversion of Quoted Options
Name of Persons Issued Securities	Vendors of Blue Sky Lithium	Widerange Corp, Hongze Group, Pinghua Liu & McDonald	Vendors of Blue Sky Lithium	Quoted Option holder
Deemed/Issue Price	\$0.185	\$0.185	Nil	\$0.14
Discount to market	NA	NA	NA	NA
<b>CASH ISSUES</b>				
Cash Received	NA	NA	NA	\$21,000
Cash Spent	NA	NA	NA	\$21,000
Use of Cash	NA	NA	NA	Working capital
Cash Unspent	NA	NA	NA	\$Nil
<b>NON-CASH ISSUES</b>				
Non-cash consideration	Purchase of 100% interest in Blue Sky Lithium	Finders Facilitators Fee for purchase of Blue Sky Lithium	Option fee for 100% interest in Blue Sky Lithium	NA
Current value of non-cash consideration	\$5,600,000	\$1,400,000	\$302,217 - Black Scholes valuation at grant date	NA

<b>Date of Issue</b>	<b>15 Aug 2018</b>	<b>15 Aug 2018</b>	<b>23 Oct 2018</b>
Number issued	12,000,000	10,000,000	254,619
Class/Type	Unquoted Options	Unquoted Options	Ordinary Shares
Summary of Terms	Exercisable on or before 31 December 2019 @ \$0.14	Exercisable on or before 31 December 2019 @ \$0.14	Conversion of Quoted Options
Name of Persons Issued Securities	Vendors of Blue Sky Lithium	Widerange Corp, Hongze Group, Pinghua Liu & McDonald	Quoted Option holders
Deemed/Issue Price	Nil	Nil	\$0.14
Discount to market	NA	NA	NA
<b>CASH ISSUES</b>			
Cash Received	NA	NA	\$35,647
Cash Spent	NA	NA	\$Nil
Use of Cash	NA	NA	Working capital
Cash Unspent	NA	NA	\$35,647
<b>NON-CASH ISSUES</b>			
Non-cash consideration	Purchase of 100% interest in Blue Sky Lithium	Finders Facilitators Fee for purchase of Blue Sky Lithium	NA
Current value of non-cash consideration	\$1,208,868 - Black Scholes valuation at grant date	\$1,007,390 - Black Scholes valuation at grant date	NA

Pursuant to and in accordance with Listing Rule 7.3A.6 (a), the total number of Equity securities issued since the date of the Company's last annual general meeting, held on 24 November 2017, are as follows:

<b>Class/Type</b>	<b>On Issue 24 November 2017</b>	<b>Number Issued Since 24 November 2017</b>	<b>% Issued Since 24 November 2017</b>
Ordinary Shares	42,650,001	52,844,619	123%
Quoted Options	15,230,000	1,220,000	8%
Unquoted Options	-	28,500,000	100%
Total	57,880,001	82,564,619	142%

### **Directors' Recommendation**

The Directors consider that the approval of the issue of the 10% Placement Facility described above is beneficial for the Company as it provides the Company with the flexibility to issue up to the maximum number of securities permitted under ASX Listing Rule 7.1A in the next 12 months (without further Shareholder approval), should it be required and which will be in addition to, and without using, the Company's 15% annual placement capacity. At the date of the notice, the Company has no plans to use the 10% placement facility should it be approved. Accordingly the Directors recommend that Shareholders vote in favour of Resolution 5.

## **7 - REFRESH APPROVAL OF THE PROPORTIONAL TAKEOVER PROVISIONS (RESOLUTION 6)**

### **7.1 Background**

The Proportional Takeover Provisions contained in part 25 of the Company's Constitution require, under the Corporations Act, the renewal of the approval for the provisions every three years or the provisions will cease to have effect. The current provisions were approved for renewal by Shareholders at the Annual General Meeting held on 26 November 2015.

The Company's Constitution includes part 25 (in reference to the proportional takeover provisions) as set out in Annexure A to this Explanatory Memorandum. The Corporations Act requires the Company to provide Shareholders with an explanation of the proportional takeover approval provisions so that Shareholders may make an informed decision on whether to support or oppose the resolution.

As Resolution 6 is a special resolution 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 6 for it to be passed.

### **What is a proportional takeover bid, and why do we need the proportional takeover approval provisions?**

A proportional takeover bid involves the bidder offering to buy only a proportion of each Shareholder's Shares. This means that control of the Company may pass without Shareholders having the chance to sell all their Shares to the bidder. It also means the bidder may take control of the Company without paying an adequate amount for gaining control. In order to deal with this possibility, a company may provide in its constitution that:

- in the event of a proportional takeover bid being made for shares in the Company, shareholders are required to vote by ordinary resolution and collectively decide whether to accept or reject the offer; and
- the majority decision of the Company's shareholders will be binding on all individual members.

The Directors consider that Shareholders should be able to vote on whether a proportional takeover bid ought to proceed given such a bid might otherwise allow control of the Company to change without Shareholders being given the opportunity to dispose of all of their Shares for a satisfactory control premium. The Directors also believe that the right to vote on a proportional takeover bid may avoid Shareholders feeling pressure to accept the bid even if they do not want it to succeed.

### **What is the effect of the proportional takeover approval provisions?**

If a proportional takeover bid is made, the Directors must ensure that shareholders vote on a resolution to approve the bid more than 14 days before the bid period closes. The vote is decided on a simple majority. Each person who, as at the end of the day on which the first offer under the bid was made, held bid class securities is entitled to vote. However, the bidder and their associates are not allowed to vote. If the resolution is not passed, transfers which would have resulted from the acceptance of a bid will not be registered and the bid will be taken to have been withdrawn. If the bid is approved (or taken to have been approved), the transfers must be registered if they comply with the Corporations Act and the Company's Constitution. The bid will be taken to have been approved if the resolution is not voted on within the deadline specified under the Corporations Act. However, the Directors will breach the Corporations Act if they fail to ensure the approving resolution is voted on.

The proportional takeover approval provisions do not apply to full takeover bids, and only apply for three years after the date they are renewed. The provisions may be renewed, or reinserted upon the expiry of the initial three-year period, but only by a special resolution passed by shareholders.

### **Potential advantages and disadvantages**

While the renewal of the takeover provisions will allow the Directors to ascertain members' views on a proportional takeover bid, it does not otherwise offer any advantage or disadvantage to the Directors who remain free to make their own recommendation as to whether the bid should be accepted. The provisions ensure that all members have an opportunity to study a proportional bid proposal and vote on the bid at a general meeting. This is likely to ensure a potential bidder structures its offer in a way which is attractive to a majority of members, including appropriate pricing. Similarly, knowing the view of the majority of members may help individual members assess the likely outcome of the proportional takeover when determining whether to accept or reject the offer. However, it is also possible that the inclusion of such provisions in the Constitution may discourage proportional takeover bids, and may reduce any speculative element in the market price of the Company's shares arising from the possibility of a takeover offer being made. The inclusion of the provisions may also be considered to constitute an unwarranted additional restriction of the ability of members to freely deal with their Shares.

The Board considers that the potential advantages for members of the proportional takeover approval provisions outweigh the potential disadvantages.

As at the date on which this statement was prepared, no Director is aware of any proposal by any person to acquire, or to increase the extent of, a substantial interest in the Company.

### **Directors' Recommendation**

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

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## **8. CREATION OF NEW CLASSES OF SECURITIES – CLASS A PERFORMANCE SHARES AND CLASS B PERFORMANCE SHARES (RESOLUTION 7)**

Under Resolution 7 the Company seeks Shareholder approval to create the Class A Performance Shares and Class B Performance Shares as new classes of shares in the Company on the terms and conditions in Annexure B and Annexure C respectively.



Under the Company's Constitution and, subject to the Corporations Act, the Listing Rules and the Constitution, the Company may allot and issue unissued shares in the Company on any terms, at any time and for any consideration as the Directors resolve.

Section 246C(5) of the Corporations Act provides that if a company has one class of share and seeks to issue a new class of share, such issue is taken to vary the rights attached to shares already issued.

Section 246B of the Corporations Act and clause 3.2 of the Constitution provide that the rights attaching to a class of shares cannot be varied without:

- (a) a special resolution passed at a meeting of the members holding shares in that class; or
- (b) the written consent of the holders of three-quarters of the issued shares of that class.

The Company currently has only one class of shares on issue being fully paid ordinary shares. The terms of the Performance Shares are not the same as the Shares. Accordingly, the Company seeks approval from Shareholders for the issue of the Class A Performance Shares and Class B Performance Shares as new classes of shares on the terms set out in Annexure B and Annexure C of this Explanatory Memorandum respectively. Resolution 7 is a special resolution.

The Company will also seek Shareholder approval in Resolution 8 to issue Performance Shares to the Managing Director, Mr Juan Pablo Vargas de la Vega.

As Resolution 7 is a special resolution 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 7 for it to be passed.

### **Directors' recommendation**

Mr de la Vega declines to make a recommendation to Shareholders in relation to Resolution 7 due to his material personal interest in the outcome of the Resolution. The Directors (other than Mr de la Vega) recommend that, for the reasons set out above, Shareholders vote in favour of Resolution 7.

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## **9. APPROVAL OF ISSUE OF PERFORMANCE SHARES TO MR JUAN PABLO VARGAS DE LA VEGA (RESOLUTION 8)**

### **9.1 General**

Under Resolution 8, Shareholders are being asked to approve the grant of a total of 10,000,000 Performance Shares (being 5,000,000 Class A Performance Shares and 5,000,000 Class B Performance Shares) the terms and conditions of which are summarised below, to the Managing Director, Mr Juan Pablo Vargas de la Vega, as set out below. Resolution 8 is subject to the passing of Resolution 7, under which Shareholder approval is being sought for the issue of new classes of Securities (being the Class A Performance Shares and the Class B Performance Shares). In the event that Resolution 7 is not passed, Resolution 8 will be withdrawn and will not be put to Shareholders.

The Board has determined that the grant of Performance Shares to Mr de la Vega is an appropriate form of medium to long term incentive for the Company's Managing Director. The Board considers that Mr de la Vega is essential to the executive management and successful exploration and development of the Company's ongoing lithium projects in Argentina.

Further details of Mr de la Vega's remuneration are set out in the Remuneration Report of the 2018 Financial Report and in the ASX announcements dated 10 August 2018 and 25 June 2018.

### **9.2 Details of Performance Shares to be awarded to Mr de la Vega**

Shareholder approval is being sought by the Company to allot and issue the following Performance Shares, as recommended by the Board, to Mr de la Vega who is a Director:

- 5,000,000 Class A Performance Shares, which will convert to Shares upon the Company announcing an Indicated and Measured resource of 1Mt of lithium carbonate equivalent at a minimum grade of 400 mg/l of lithium pursuant to The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves 2012 (**JORC Code**) within a project in which the Company has an interest. In the event that the Company's interest in that project is less than 100%, only the proportion of those 5,000,000 Class A Performance Shares that is equal to the Company's percentage interest in the project will convert into Shares (i.e. if the Company holds a 75% interest in the relevant project, 75% of the Class A Performance Shares will convert into Shares) unless the Board agrees otherwise, and otherwise on the terms and conditions set out in Annexure B; and

- 5,000,000 Class B Performance Shares, which will convert to Shares upon financial close for a commercial scale lithium production facility capable of production of at least 5,000tpa of lithium carbonate equivalent per annum by the Company on the terms and conditions set out in Annexure C;

for the purposes ASX Listing Rule 10.11 which provides that, subject to certain exceptions (none of which are relevant here), a company must not issue or grant securities to a related party without shareholder approval.

In determining the quantum of Performance Shares to be issued to Mr de la Vega the Board took into account the Company's remuneration strategy, the Company's situation, the role and the contribution of Mr de la Vega and the market practice for remuneration of executive officers in positions of similar responsibility. Accordingly, they determined that the proposed grant of Performance Shares to Mr de la Vega is appropriate.

The object of Resolution 8 is to provide Mr de la Vega with a mechanism to participate in the future development of the Company and an incentive for their future involvement with, and commitment to, the Company. Accordingly it is important that the Company is able to attract and retain people of the highest calibre. The Directors consider that the most appropriate means of achieving this is to provide Directors with an opportunity to participate in the Company's future growth and an incentive to contribute to that growth.

If Shareholder approval is obtained for Resolution 8, the Performance Shares will be granted within one month of the receipt of Shareholder approval.

### **9.3 ASX Listing Rule 10.11**

ASX Listing Rule 10.11 provides that, subject to certain exemptions (none of which are relevant here), a company must not issue securities to a related party without shareholder approval. Resolution 8 seeks this approval.

Information required for the purposes of ASX Listing Rule 10.13 in relation to the Shareholder approval sought under ASX Listing Rule 10.11 pursuant to Resolution 8 is set out below:

a) *The name of the person*

Mr Juan Pablo Vargas de la Vega or his nominee.

b) *The maximum number of securities to be issued (if known) or the formula for calculating the number of securities to be issued to the person*

The maximum number of Performance Shares which will be granted to Mr de la Vega and/or his nominee under Resolution 8 is 5,000,000 Class A Performance Shares and 5,000,000 Class B Performance Shares.

c) *The date by which the entity will issue the securities, which must not be more than 1 month after the date of the meeting*

The Performance Shares will be issued within one month of the date of the Meeting.

d) *The issue price of the securities and a statement of the terms of issue*

No consideration is payable by Mr de la Vega at the time of grant of the Performance Shares or upon conversion of the Performance Shares. Therefore no funds will be raised by the issue of the Performance Shares.

The milestones upon which the Performance Shares will convert into Shares, the details of which are set out above in section 8.2, must be achieved on or before 31 July 2023 (subject to the earlier termination of Mr de la Vega's employment with the Company).

In the event that the Performance Shares are not approved by Shareholders, in order to meet the Company's contractual obligations under Mr de la Vega's employment contract, it will be necessary for the Board to agree an alternative remuneration structure to provide Mr de la Vega with their contractual entitlement. This could include an alternative equity proposal to be put to Shareholders and/or an amount in cash. Any such offer would be equivalent to the current proposed awards and, to the extent that they are relevant, on similar terms as set out above (including the satisfaction of applicable performance hurdles and service conditions).

#### **9.4 ASX Listing Rule 7.1**

ASX Listing Rule 7.1 provides that prior approval of shareholders is required for an issue of equity securities if the equity securities will, when aggregated with the equity securities issued by a company during the previous 12 months, exceed 15% of the number of ordinary shares on issue at the commencement of that 12 month period.

Approval pursuant to ASX Listing Rule 7.1 is not required (under Exception 14 to ASX Listing Rule 7.1) in order to grant the Performance Shares to Mr de la Vega and/or his nominee(s) as approval is being obtained under ASX Listing Rule 10.11.

Shareholders should note that the grant of Performance Shares to Mr de la Vega and/or his nominee(s) will not be included in the 15% calculation for the purposes of ASX Listing Rule 7.1.

#### **9.5 Chapter 2E of the Corporations Act**

Chapter 2E of the Corporations Act regulates the provision of financial benefits to related parties by a public company. The issue of the Performance Rights to Mr de la Vega under Resolution 8 constitutes the provision of a financial benefit to related parties.

It is the view of the Directors that the proposed grant of Performance Shares pursuant to Resolution 98, falls within the exception under section 211 of the Corporations Act (reasonable remuneration) given the circumstances of the Company and the position held by Mr de la Vega. Accordingly, the Directors have determined not to seek Shareholder approval under section 208 of the Corporations Act for the grant of the Performance Shares to Mr de la Vega pursuant to Resolution 8.

#### Other Information

Mr de la Vega's relevant interests in Securities as at the date of this Notice Of Meeting are set out below.

Fully paid ordinary shares – 6,823,544

Unquoted Options exercisable at \$0.14 on or before 31 December 2019 – 5,117,658

On 6 June 2018, the Company announced that it had signed a formal Share Sale and Purchase Agreement ('Sale Agreement') under which it was agreed that the Company would purchase 100% of the issued share capital of Blue Sky Lithium Pty Ltd. Blue Sky holds the rights to the mining tenements located in the world class lithium bearing Hombre Muerto salt flat in the province of Catamarca, Argentina. Under the terms of the Sale Agreement, the following consideration is still outstanding at the date of this Notice:

- (a) upon the delineation by or on behalf of Galan of a JORC resource of not less than 80kt lithium carbonate equivalent within the area of the mining properties in which Blue Sky has an interest as at Completion, the issue of 15,000,000 Shares to the Blue Sky vendors; and
- (b) upon the commencement of commercial production from a pilot plant by on or behalf of Galan processing lithium carbonate extracted from the area of the Tenements as at Completion, the issue of 10,000,000 Shares to the Blue Sky vendors.

Mr de la Vega is a Blue Sky vendor and will be entitled to further Shares in the Company if the above mentioned milestones are met.

The latest available price of Shares quoted on the ASX prior to the date of this Notice of Meeting on 25 October 2018 was \$0.29. The highest price for Shares trading on the ASX over the last 12 months was \$0.46 (17 July 2018) and the lowest price in that period was \$0.06 (25 October 2017).

#### **9.6 Grant of potential termination benefits for the purposes of section 200B and 200E of the Corporations Act**

Section 200B of the Corporations Act restricts the benefits that can be given to persons who hold a 'managerial or executive office' (as defined in the Corporations Act) on leaving their employment with a company. Specifically, a company may only give a person a benefit in connection with them ceasing to hold a managerial or executive office in the company if the benefit is approved by shareholders, under section 200E of the Corporations Act, or an exception under section 200F, 200G or 200H of the Corporations Act applies.

The term 'benefit' has a wide meaning and may possibly include benefits resulting from the Board exercising its discretions when an executive ceases to be employed by the Company.

Specifically, where an executive has ceased their employment before their Shares and/or Options have vested or been converted, the Board may in certain circumstances exercise its discretion to determine that some or all of the Shares and/or Options will vest or be converted (and determine the basis on which vesting or conversion will occur), having regard to the relevant performance hurdles at the time the executive's employment ceases. The exercise of these discretions may constitute a 'benefit' for the purposes of section 200B of the Corporations Act.

The Board, therefore, seeks shareholder approval for the exercise of the Board's discretion in respect of Mr de la Vega and any Performance Shares that have not been converted into Shares at the time of cessation of his employment with the Company. It should also be noted that Mr de la Vega must have been in the role of Managing Director for a least two years before the Board can exercise its discretion.

Provided Shareholder approval under section 200E of the Corporations Act is given, the value of these benefits will not be counted towards the cap in the termination benefits that can be given to an executive without shareholder approval under section 200F or section 200G of the Corporations Act.

The value of the termination benefits that the Board may give, by exercising its discretion to permit the conversion of any Performance Shares to Mr de la Vega prior to the satisfaction of the relevant conversion milestones, cannot be determined in advance. This is because various matters will or are likely to affect that value. In particular, the value of a particular benefit will depend on factors such as the Company's share price at the time of conversion and the number of Performance Shares that the Board decides to permit the conversion of.

The following additional factors may also affect the benefit's value:

- a) Mr de la Vega's length of service and the portion of any relevant performance periods that have expired at the time he ceases employment with the Company; and
- b) Mr de la Vega's total fixed remuneration at the time grants are made and at the time he ceases employment with the Company.

Accordingly Shareholders are asked to approve, under section 200E of the Corporations Act, the giving of any benefits to Mr de la Vega upon him ceasing to hold the office of Managing Director of the Company for the purpose of the Company complying with section 200B of the Corporations Act.

## **9.7 Change of Control**

In the event that during the term of JP's employment a takeover event or other similar event ("Takeover Event") occurs, and subject to the Company either having a market capitalisation of at least A\$100 million as at the date that Takeover Event occurs or the transaction which gives rise to the Takeover Event having a value of at least A\$100 million, any of the above Performance Shares which have not then converted into Shares will be converted into Shares on the terms and conditions set out in Annexure B and Annexure C (as applicable), subject to prior Shareholder approval and subject always to the Company complying with its obligations under ASX Listing Rules 10.18 and 10.19 and under the Corporations Act, despite the corresponding milestone not having been achieved.

### **Directors' recommendation**

The Board considers the alignment and incentives offered to JP to be commensurate with the value that he will provide the Company and its Shareholders. The progress made since the involvement of JP has been substantial and has added significant value to Shareholders.

Mr de la Vega declines to make a recommendation to Shareholders in relation to Resolution 8 due to his material personal interest in the outcome of the Resolution. The Directors (other than Mr de la Vega) recommend that, for the reasons set out above, Shareholders vote in favour of Resolution 8.

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## GLOSSARY

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In the Notice of Meeting (including the Annexures thereto) and the Proxy Form, the following terms have the following meanings unless they are otherwise defined or the context otherwise requires:

**\$** means Australian dollars.

**2018 Financial Report** means the Company's financial report for the financial year ended 30 June 2018, which can be downloaded from the Company's website at [www.galanlithium.com.au](http://www.galanlithium.com.au).

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

**Annexure** means an annexure to this Explanatory Memorandum.

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

**ASX** means ASX Limited ACN 008 624 691 or the market operated by it, as the context requires.

**ASX Listing Rules** or **Listing Rules** means the Listing Rules of ASX and any other rules of ASX which are applicable while the Company is admitted to the official list of ASX, each as amended or replaced from time to time, except to the extent of any express written waiver by ASX.

**Board** means the board of Directors.

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

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

**Class A Performance Shares** means shares issued on the terms and conditions set out in Annexure B.

**Class B Performance Shares** means shares issued on the terms and conditions set out in Annexure C.

**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 Company;
- (e) a company the member controls; or
- (f) a person prescribed by the *Corporations Regulations 2001* (Cth) that may be made for this purpose.

**Company** or **Galan** means Galan Lithium Limited ACN 149 349 646.

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

**Corporations Act** means the *Corporations Act 2001* (Cth) and the regulations promulgated under it, each as amended from time to time.

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

**Equity Securities** has the same meaning as in the Listing Rules.

**Explanatory Memorandum** means the explanatory memorandum accompanying and forming part of the Notice.

**Key Management Personnel** has the same meaning as in the accounting standards and broadly includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company.

**Notice** or **Notice of Meeting** or **Notice of Annual General Meeting** means this notice of annual general meeting including the Explanatory Memorandum and the Proxy Form.

**Option** means an option to acquire a Share.

**Performance Shares** means Class A Performance Shares and Class B Performance Shares.

**Proxy Form** means the proxy form accompanying and forming part of the Notice.

**Remuneration Report** means the remuneration report set out in the Director's report section of the 2018 Financial Report.

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

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

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

**Trading Day** means a day determined by ASX to be a trading day and notified to market participants being:

- (a) a day other than:
  - (i) a Saturday, Sunday, New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day; and
  - (ii) any other day which ASX declares and publishes is not a trading day; and
- (b) notwithstanding (a), a day which for the purposes of settlement, ASX declares is a trading day notwithstanding that dealings between market participants are suspended on that day.

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

Where a word or phrase is given a defined meaning, another part of speech or other grammatical form in respect of that word or phrase has a corresponding meaning.

## **ANNEXURE A**

### **Part 25 of the Galan Lithium Limited Constitution (in relation to the Proportional Takeover Provisions)**

#### **25.1 Definitions**

**approving resolution** has the same meaning as in section 648D of the Corporations Act;

**approving resolution deadline** has the same meaning as in section 648D of the Corporations Act;

**associate** has the meaning specified in section 9 of the Corporations Act for the purposes of Chapter 6 of the Corporations Act;

**proportional takeover bid** has the meaning specified in section 9 of the Corporations Act.

#### **25.2 Prohibition on registration of transfers without approval**

Where a proportional takeover bid in respect of shares included in a class of shares in the Company has been made:

- a) the registration of a transfer giving effect to a contract resulting from the acceptance of an offer made under the proportional takeover bid is prohibited unless and until a resolution to approve the proportional takeover bid is passed in accordance with this Constitution;
- b) a person (other than the bidder or an associate of the bidder) who, as at the end of the day on which the first offer under the proportional takeover bid was made, held shares included in that class is entitled to vote on an approving resolution and, for the purposes of so voting, is entitled to 1 vote for each such share;
- c) neither the bidder nor an associate of the bidder may vote on an approving resolution;
- d) an approving resolution must be voted on at a meeting, convened and conducted by the Company, of the persons entitled to vote on the resolution under the Corporations Act; and
- e) an approving resolution is taken to have been passed if the proportion which the number of votes in favour of the resolution bears to the total number of votes on the resolution is greater than 50%, and otherwise is taken to have been rejected.

#### **25.3 Meetings**

- a) The provisions of this Constitution relating to a general meeting of the Company apply, with such modifications as the circumstances require (including, without limitation, to the requisite notice period to ensure that the meeting is convened on or before the approving resolution deadline), in relation to a meeting that is convened for the purposes of this Clause 25.
- b) Where takeover offers have been made under a proportional takeover bid, then the Directors must ensure that a resolution to approve the proportional takeover bid is voted on in accordance with this Clause 25 before the approving resolution deadline in relation to the proportional takeover bid.
- c) Where a resolution to approve a proportional takeover bid is voted on in accordance with this Clause 25 before the approving resolution deadline in relation to the proportional takeover bid, the Company must, on or before the approving resolution deadline:
  - i) give to the bidder; and
  - ii) serve on the Exchange,

A written notice stating that a resolution to approve the proportional takeover bid has been voted on and that the resolution has been passed or has been rejected, as the case requires.

#### **25.4 Approving resolution deemed to have been passed**

Where, as at the end of the day before the approving resolution deadline in relation to a proportional takeover bid under which offers have been made, no resolution to approve the proportional takeover bid has been voted on in accordance with this Clause 25, then a resolution to approve the proportional takeover bid is, for the purposes of this Clause 25, deemed to have been passed in accordance with this rule.

#### **25.5 Proportional takeover bid rejected**

Where an approving resolution is voted on and is rejected then:

- a) despite section 652A of the Corporations Act, all offers under the proportional takeover bid that have not, as a the end of the approving resolution deadline, resulted in binding contracts are deemed to be withdrawn at the end of the approving resolution deadline;
- b) the bidder must immediately, after the end of the approving resolution deadline, return to each Member any documents that were sent by the Member to the bidder with the acceptance of the offer;
- c) the bidder may rescind and must, as soon as practicable after the end of the approving resolution deadline, rescind each contract resulting from the acceptance of the offer made under the proportional takeover bid; and
- d) a Member who has accepted an offer made under the proportional takeover bid is entitled to rescind the contract (if any) resulting from that acceptance.

#### **25.6 Effect of this Clause**

This Clause 25 ceases to have any effect on the third anniversary of the later of the date of its adoption or of its most recent renewal.



## **ANNEXURE B**

### **Terms and conditions of Class A Performance Shares**

The terms of the Class A Performance Shares are set out as follows:

#### **1. General**

- (a) **(Performance Shares)** Each Class A Performance Share is a separate class of share in the capital of Galan Lithium Limited (**Company**) that will be convertible into fully paid ordinary shares in the capital of the Company (**Ordinary Shares**) in accordance with the rights of that class.
- (b) **(General Meetings)** The Class A Performance Shares shall confer on the holder (**Holder**) the right to receive notices of general meetings and financial reports and accounts of the Company that are circulated to shareholders. The Holder has the right to attend general meetings of shareholders of the Company.
- (c) **(No Voting Rights)** The Class A Performance Shares do not entitle the Holder to vote on any resolutions proposed at a general meeting of shareholders of the Company.
- (d) **(No Rights)** The Class A Performance Shares do not entitle the Holder to any dividends.
- (e) **(Return of Capital)**: The Class A Performance Shares do not confer on the Holder any right to a return of capital, whether in a winding up, upon a reduction of capital or otherwise.
- (f) **(Not Transferable)** The Class A Performance Shares are not transferable.
- (g) **(Reorganisation of Capital)** If at any time the issued capital of the Company is reconstructed, all rights of the Holder will be changed to the extent necessary to comply with the applicable ASX Listing Rules at the time of reorganisation.
- (h) **(Application to ASX)** The Class A Performance Shares will not be quoted on ASX. However, upon conversion of the Performance Shares into Ordinary Shares the Company must within seven (7) days after the conversion, apply for the official quotation of the Ordinary Shares arising from the conversion on ASX.
- (i) **(No Other Rights)** The Class A Performance Shares give the Holder no 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.
- (j) **(Participation in Entitlements and Bonus Issues)** Holders of Class A Performance Shares will not be entitled to participate in new issues of capital offered to holders of the Ordinary Shares such as bonus issues and entitlement issues.
- (k) **(Reconstruction)**
  - (i) If there is a reconstruction after the issue of the Class A Performance Shares (including, consolidation, subdivision, reduction or return) of the issued capital of the Company, the basis for adjustment of the conversion of Class A Performance Shares into Ordinary Shares will be reconstructed in the same proportion as the issued capital of the Company is reconstructed and in a manner which will not result in any additional benefits being conferred on the Holder which are not conferred on the Shareholders of the Company, (subject to the same provisions with respect to rounding of entitlements as sanctioned by the meeting of shareholders approving the reconstruction of capital) but in all other respects the terms for conversion of the Class A Performance Shares will remain unchanged.
  - (ii) The adjustments of this term will, subject to the ASX Listing Rules, be determined by the Company.
- (l) **(Amendments required by ASX)** The terms of the Class A Performance Shares may be amended as necessary by the Company in order to comply with the ASX Listing Rules, or any directions of ASX regarding the terms provided that, subject to compliance with the ASX Listing Rules, following such amendment, the economic and other rights of the Holder are not diminished or terminated.

#### **2. Conversion of the Class A Performance Shares**

- (a) **(Class A Performance Milestone)** Each Class A Performance Share will convert into one (1) Ordinary Share upon the Company announcing an Indicated and Measured resource of 1Mt of lithium carbonate equivalent at a minimum grade of 400 mg/l of lithium pursuant to The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves 2012 (**JORC Code**) within a project in which the Company has an interest (**Class A Performance Milestone**). In the event that the Company's interest in that project is less than 100%, the Class A Performance Share holder will only be entitled to receive the proportion of those 5,000,000 Shares that is equal to the Company's percentage interest in the project (i.e. if the Company holds a 75% interest in the relevant project,

the Class A Performance Share will be entitled to receive 75% x 5,000,000 Shares) unless the Company's board of directors (**Board**) agrees otherwise.

(b) (**Class A Milestone Determination Date**) The Class A Performance Milestone must be achieved on or before the first to occur of:

- (i) 31 July 2023; or
- (ii) the date on which the Holder ceases to be employed by the Company,

(**Class A Milestone Determination Date**).

(c) (**Conversion if Milestone not achieved**) If the Class A Performance Milestone set out in item 2(a) above is not achieved by the Class A Milestone Determination Date (subject always to clause 2(d)), the Class A Performance Shares will automatically convert into one Ordinary Share for every 1,000,000 Class A Performance Shares within 10 business days of the Class A Milestone Determination Date. Fractional entitlements will be disregarded.

(d) (**Conversion upon termination of employment**) In the event that the Holder's employment with the Company is terminated on or before 31 July 2023, the Board may, in its sole and absolute discretion, determine that all or a portion of the Class A Performance Shares will automatically convert into Ordinary Shares upon such termination at the rate set out in clause 2(a), notwithstanding that the Company will comply with its obligations under ASX Listing Rules 10.18 and 10.19. Any portion of the Class B Performance Shares which the Board does not determine will be converted into Ordinary Shares upon termination of the Holder's employment with the Company in accordance with this clause 2(d) will be converted into Ordinary Shares at the rate set out in clause 2(c)).

(e) (**Conversion upon Change of Control Event**) if, on or before the Class A Milestone Determination Date:

- (i) a bona fide Takeover Bid (as that term is defined in the *Corporations Act 2001* (Cth) (**Corporations Act**)) received by the Company is declared unconditional and the bidder has acquired a Relevant Interest (as that term is defined in the *Corporations Act*) in at least 50.1% of the Company's issued Shares; or
- (ii) a court approves, under section 411(4)(b) of the *Corporations Act*, a proposed compromise or arrangement for the purposes of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with any other company or companies,

(each being a **Change of Control Event**) and subject always to:

- (iii) the Company having a market capitalisation of at least A\$100 million as at the date the circumstances set out in clause 2(e)(i) or 2(e)(ii) arise (**Relevant Date**); or
- (iv) the transaction referred to in clause 2(e)(i) or 2(e)(ii) having a value of at least A\$100 million as at the Relevant Date,

any of the Class A Performance Shares which have not been issued to the Holder as at the Relevant Date will be issued to the Holder despite the Class A Performance Milestone not having been achieved at the rate set out in clause 2(a), provided that the maximum number of performance shares that can be converted into Ordinary Shares and issued upon a Change of Control Event (being all of the performance shares then on issue in the Company, including the Class A Performance Shares) must not exceed 10% of the issued capital of the Company as at the date of occurrence of the Change of Control Event and notwithstanding that the Company will comply with its obligations under ASX Listing Rules 10.18 and 10.19. Any Class A Performance Shares not converted to Ordinary Shares pursuant to this clause 2(e) will continue to be held by the Holder on the same terms and conditions.

(f) (**Takeover Provisions**) If the conversion of Class A Performance Shares (or part thereof) under clause 2(e) would result in any person being in contravention of section 606(1) of the *Corporations Act* then the conversion of each Class A Performance Shares that would cause the contravention will be deferred until such time or times thereafter that the conversion would not result in a contravention of section 606(1).

(g) (**Conversion Procedure**) The Company will issue the Holder with a new holding statement for the Ordinary Shares as soon as practicable following the conversion of the Class A Performance Shares into Ordinary Shares.

(h) (**Ranking of Shares**) The Ordinary Shares into which the Class A Performance Shares will convert will rank *pari passu* in all respects with existing Ordinary Shares.

The general terms and conditions of the Class A Performance Shares will comply with the ASX Listing Rules and the requirements of the ASX.

## **ANNEXURE C**

### **Terms and conditions of Class B Performance Shares**

The terms of the Class B Performance Shares are set out as follows:

#### **1. General**

- (a) **(Performance Shares)** Each Class B Performance Share is a separate class of share in the capital of Galan Lithium Limited (**Company**) that will be convertible into fully paid ordinary shares in the capital of the Company (**Ordinary Shares**) in accordance with the rights of that class.
- (b) **(General Meetings)** The Class B Performance Shares shall confer on the holder (**Holder**) the right to receive notices of general meetings and financial reports and accounts of the Company that are circulated to shareholders. The Holder has the right to attend general meetings of shareholders of the Company.
- (c) **(No Voting Rights)** The Class B Performance Shares do not entitle the Holder to vote on any resolutions proposed at a general meeting of shareholders of the Company.
- (d) **(No Rights)** The Class B Performance Shares do not entitle the Holder to any dividends.
- (e) **(Return of Capital)**: The Class B Performance Shares do not confer on the Holder any right to a return of capital, whether in a winding up, upon a reduction of capital or otherwise.
- (f) **(Not Transferable)** The Class B Performance Shares are not transferable.
- (g) **(Reorganisation of Capital)** If at any time the issued capital of the Company is reconstructed, all rights of the Holder will be changed to the extent necessary to comply with the applicable ASX Listing Rules at the time of reorganisation.
- (h) **(Application to ASX)** The Class B Performance Shares will not be quoted on ASX. However, upon conversion of the Performance Shares into Ordinary Shares the Company must within seven (7) days after the conversion, apply for the official quotation of the Ordinary Shares arising from the conversion on ASX.
- (i) **(No Other Rights)** The Class B Performance Shares give the Holder no 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.
- (j) **(Participation in Entitlements and Bonus Issues)** Holders of Class B Performance Shares will not be entitled to participate in new issues of capital offered to holders of the Ordinary Shares such as bonus issues and entitlement issues.
- (k) **(Reconstruction)**
  - (i) If there is a reconstruction after the issue of the Class B Performance Shares (including, consolidation, subdivision, reduction or return) of the issued capital of the Company, the basis for adjustment of the conversion of Class B Performance Shares into Ordinary Shares will be reconstructed in the same proportion as the issued capital of the Company is reconstructed and in a manner which will not result in any additional benefits being conferred on the Holder which are not conferred on the Shareholders of the Company, (subject to the same provisions with respect to rounding of entitlements as sanctioned by the meeting of shareholders approving the reconstruction of capital) but in all other respects the terms for conversion of the Class B Performance Shares will remain unchanged.
  - (ii) The adjustments of this term will, subject to the ASX Listing Rules, be determined by the Company.
- (l) **(Amendments required by ASX)** The terms of the Class B Performance Shares may be amended as necessary by the Company in order to comply with the ASX Listing Rules, or any directions of ASX regarding the terms provided that, subject to compliance with the ASX Listing Rules, following such amendment, the economic and other rights of the Holder are not diminished or terminated.

#### **2. Conversion of the Class B Performance Shares**

- (a) **(Class B Performance Milestone)** Each Class B Performance Share will convert into one (1) Ordinary Share upon financial close for a commercial scale lithium production facility capable of production of at least 5,000tpa of lithium carbonate equivalent per annum by the Company (**Class B Performance Milestone**).
- (b) **(Class B Milestone Determination Date)** The Class B Performance Milestone must be achieved on or before the first to occur of:
  - (i) 31 July 2023; or

(ii) the date on which the Holder ceases to be employed by the Company,

**(Class B Milestone Determination Date).**

- (c) **(Conversion if Milestone not achieved)** If the Class B Performance Milestone set out in item 2(a) above is not achieved by the Class B Milestone Determination Date (subject always to clause 2(d)), the Class B Performance Shares will automatically convert into one Ordinary Share for every 1,000,000 Class B Performance Shares within 10 business days of the Class B Milestone Determination Date. Fractional entitlements will be disregarded.
- (d) **(Conversion upon termination of employment)** In the event that the Holder's employment with the Company is terminated on or before 31 July 2023, the Board may, in its sole and absolute discretion, determine that all or a portion of the Class B Performance Shares will convert into Ordinary Shares upon such termination at the rate set out in clause 2(a), notwithstanding that the Company will comply with its obligations under ASX Listing Rules 10.18 and 10.19. Any portion of the Class B Performance Shares which the Board does not determine will be converted into Shares upon termination of the Holder's employment with the Company in accordance with this clause 2(d) will be converted into Ordinary Shares at the rate set out in clause 2(c)).
- (e) **(Conversion upon Change of Control Event)** if, on or before the Class B Milestone Determination Date:
- (i) a bona fide Takeover Bid (as that term is defined in the *Corporations Act 2001* (Cth) (**Corporations Act**)) received by the Company is declared unconditional and the bidder has acquired a Relevant Interest (as that term is defined in the *Corporations Act*) in at least 50.1% of the Company's issued Shares; or
  - (ii) a court approves, under section 411(4)(b) of the *Corporations Act*, a proposed compromise or arrangement for the purposes of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with any other company or companies,
- (each being a **Change of Control Event**) and subject always to:
- (iii) the Company having a market capitalisation of at least A\$100 million as at the date the circumstances set out in clause 2(e)(i) or 2(e)(ii) arise (**Relevant Date**); or
  - (iv) the transaction referred to in clause 2(e)(i) or 2(e)(ii) having a value of at least A\$100 million as at the Relevant Date,

any of the Class B Performance Shares which have not been issued to the Holder as at the Relevant Date will be issued to the Holder despite the Class B Performance Milestone not having been achieved at the rate set out in clause 2(a), provided that the maximum number of performance shares that can be converted into Ordinary Shares and issued upon a Change of Control Event (being all of the performance shares then on issue in the Company, including the Class B Performance Shares) must not exceed 10% of the issued capital of the Company as at the date of occurrence of the Change of Control Event and notwithstanding that the Company will comply with its obligations under ASX Listing Rules 10.18 and 10.19. Any Class B Performance Shares not converted to Ordinary Shares pursuant to this clause 2(e) will continue to be held by the Holder on the same terms and conditions.

- (f) **(Takeover Provisions)** If the conversion of Class B Performance Shares (or part thereof) under clause 2(e) would result in any person being in contravention of section 606(1) of the *Corporations Act* then the conversion of each Class B Performance Shares that would cause the contravention will be deferred until such time or times thereafter that the conversion would not result in a contravention of section 606(1).
- (g) **(Conversion Procedure)** The Company will issue the Holder with a new holding statement for the Ordinary Shares as soon as practicable following the conversion of the Class B Performance Shares into Ordinary Shares.
- (h) **(Ranking of Shares)** The Ordinary Shares into which the Class B Performance Shares will convert will rank *pari passu* in all respects with existing Ordinary Shares.

The general terms and conditions of the Class B Performance Shares will comply with the ASX Listing Rules and the requirements of the ASX.