

**ELEMENT 25 LIMITED**  
**ACN 119 711 929**

**NOTICE OF ANNUAL GENERAL MEETING**

**EXPLANATORY MEMORANDUM**

**AND**

**PROXY FORM**

**Date of Meeting**

4 November 2020

**Time of Meeting**

9:00 am

**Place of Meeting**

The Celtic Club  
48 Ord Street

WEST PERTH WA 6005

*This Notice of Annual General Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.*

*The **2020 Annual Report** may be viewed on the Company's website at [www.e25.com.au](http://www.e25.com.au)*

**ELEMENT 25 LIMITED**  
**ACN 119 711 929**  
**NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the Annual General Meeting of Shareholders of Element 25 Limited (**Company**) will be held at The Celtic Club, 48 Ord Street, West Perth, Western Australia on 4 November 2020 at 9:00 am for the purpose of transacting the following business.

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

Terms used in this Notice will, unless the context otherwise requires, have the same meaning given to them in the glossary contained in the Explanatory Memorandum.

**2020 Financial Statements**

To receive the financial statements of the Company for the year ended 30 June 2020, consisting of the annual financial report, the Directors' report and the auditor's report.

**Resolution 1 – Re-election of Mr Seamus Cornelius as a Director**

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

*"That Mr Seamus Cornelius, having retired as a Director of the Company in accordance with the Company's Constitution and, being eligible, having offered himself for re-election, be re-elected a Director of the Company."*

**Short Explanation:** Pursuant to the Company's Constitution, one-third of the Directors of the Company (other than the Managing Director) must retire at each AGM and, being eligible, may offer themselves for re-election at that AGM.

**Resolution 2 – Adoption of Remuneration Report**

To consider and, if thought fit, to pass, with or without amendment, the following **advisory only resolution**:

*"That, for the purposes of Section 250R(2) of the Corporations Act, and for all other purposes, the Remuneration Report forming part of the Company's 2020 Annual Report be and is hereby adopted."*

**Short Explanation:** Section 250R of the Corporations Act requires a listed company to put to Shareholders at each AGM a resolution adopting the report on the remuneration of the Company's key management personnel included in the Company's Annual Report. The above Resolution is being proposed to comply with this requirement. The vote on this Resolution is advisory only and neither binds the Company's Directors nor the Company. A reasonable opportunity will be provided to Shareholders for discussion of the Remuneration Report at the AGM.

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

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

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

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (b) the voter is the Chair and the appointment of the Chair as proxy:
  - does not specify the way the proxy is to vote on this Resolution; and
  - expressly authorised 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.

### Resolution 3 – Approval of 10% Placement Facility

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

*“That, pursuant to and in accordance with Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions in the Explanatory Memorandum.”*

**Short Explanation:** Listing Rule 7.1A enables eligible entities to issue Equity Securities up to 10% of its issued share capital through placements over a 12 month period after the AGM. The 10% Placement Facility is in addition to the Company’s 15% placement capacity under Listing Rule 7.1. Please refer to the Explanatory Memorandum for details.

**Voting Exclusion:** For the purposes of Listing Rule 7.3A, the Company will disregard any votes cast in favour of this Resolution by or on behalf of any person who may participate in the 10% Placement Facility or a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed, or any of their Associates, unless it is cast:

- (a) by a person as proxy for a person who is entitled to vote (in accordance with the directions on the proxy form); or
- (b) 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).

### Resolution 4 – Approval of Grant of Options to Mr Justin Brown

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

*“That, for the purpose of Listing Rule 10.11, section 208 of the Corporations Act and for all other purposes, the issue to Mr Justin Brown, or his nominees, for nil consideration of 500,000 Options to acquire fully paid shares in the capital of the Company, at an exercise price of 50 cents or 143% of the VWAP of the fully paid ordinary Shares of the Company on the five trading days prior to the date of the meeting to approve the issue (whichever is the higher), expiring on 4 November 2025 and on the terms and conditions outlined in the Explanatory Memorandum and in Annexure A is hereby approved.”*

**Short Explanation:** Approval is sought under Listing Rule 10.11 to authorise the Company to issue these securities. Please refer to the Explanatory Memorandum for details. If approval is given under Listing Rule 10.11, approval is not required under Listing Rule 7.1.

**Voting Exclusion:** The Company will, in accordance with the Listing Rules, disregard any votes cast in favour of Resolution 4 by or on behalf of Mr Brown or any of his Associates. However, the Company will not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

#### **Voting Prohibition:**

In accordance with section 250B8 of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
  - A. a member of the Key Management Personnel; or
  - B. a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

Further, a Restricted Voter who is appointed as a proxy will not vote on this Resolution unless:

- (a) The appointment specifies the way the proxy is to vote on this Resolution; or
- (b) The proxy is the Chair of the meeting and the appointment expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. Shareholders should note that the Chair intends to vote any undirected proxies in favour of this Resolution.

### Resolution 5 – Approval of Grant of Options to Mr John Ribbons

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

*“That, for the purpose of Listing Rule 10.11, section 208 of the Corporations Act and for all other purposes, the issue to Mr John Ribbons, or his nominees, for nil consideration of 250,000 Options to acquire fully paid shares in the capital of the Company, at an exercise price of 50 cents or 143% of the VWAP of the fully paid ordinary Shares of the Company on the five trading days prior to the date of the meeting to approve the issue (whichever is the higher), expiring on 4 November 2025 and on the terms and conditions outlined in the Explanatory Memorandum and in Annexure A is hereby approved.”*

**Short Explanation:** Approval is sought under Listing Rule 10.11 to authorise the Company to issue these securities. Please refer to the Explanatory Memorandum for details. If approval is given under Listing Rule 10.11, approval is not required under Listing Rule 7.1.

**Voting Exclusion:** The Company will, in accordance with the Listing Rules, disregard any votes cast in favour of Resolution 5 by or on behalf of Mr Ribbons or any of his Associates. However, the Company will not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

#### **Voting Prohibition:**

In accordance with section 250B8 of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
  - A. a member of the Key Management Personnel; or
  - B. a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

Further, a Restricted Voter who is appointed as a proxy will not vote on this Resolution unless:

- (a) The appointment specifies the way the proxy is to vote on this Resolution; or
- (b) The proxy is the Chair of the meeting and the appointment expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. Shareholders should note that the Chair intends to vote any undirected proxies in favour of this Resolution.

### Resolution 6 – Approval of Grant of Options to Mr Seamus Cornelius

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

*“That, for the purpose of Listing Rule 10.11, section 208 of the Corporations Act and for all other purposes, the issue to Mr Seamus Cornelius, or his nominees, for nil consideration of 250,000 Options to acquire fully paid shares in the capital of the Company, at an exercise price of 50 cents or 143% of the VWAP of the fully paid ordinary Shares of the Company on the five trading days prior to the date of the meeting to approve the issue (whichever is the higher), expiring on 4 November 2025 and on the terms and conditions outlined in the Explanatory Memorandum and in Annexure A is hereby approved.”*

**Short Explanation:** Approval is sought under Listing Rule 10.11 to authorise the Company to issue these securities. Please refer to the Explanatory Memorandum for details. If approval is given under Listing Rule 10.11, approval is not required under Listing Rule 7.1.

**Voting Exclusion:** The Company will, in accordance with the Listing Rules, disregard any votes cast in favour of Resolution 6 by or on behalf of Mr Cornelius or any associate of Mr Cornelius. However, the Company will not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form.

**Voting Prohibition:**

In accordance with section 250B8 of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
  - A. a member of the Key Management Personnel; or
  - B. a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

Further, a Restricted Voter who is appointed as a proxy will not vote on this Resolution unless:

- (a) The appointment specifies the way the proxy is to vote on this Resolution; or
- (b) The proxy is the Chair of the meeting and the appointment expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. Shareholders should note that the Chair intends to vote any undirected proxies in favour of this Resolution.

**Resolution 7 – Ratification of Issue of Shares**

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

*“That, pursuant to and in accordance with Listing Rule 7.4 and for all other purposes, Shareholders approve and ratify the issue of 6,330,000 Shares to the parties, for the purposes and on the terms set out in the Explanatory Memorandum.”*

**Voting Exclusion:** For the purposes of Listing Rule 7.5, the Company will disregard any votes cast on this Resolution by any person who participated in the issue and any of their Associates, unless it is cast:

- (a) by a person as a proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) by the Chairman 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.

**Resolution 8 – Ratification of Issue of Shares**

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

*“That, pursuant to and in accordance with Listing Rule 7.4 and for all other purposes, Shareholders approve and ratify the issue of 8,750,000 Shares to the parties, for the purposes and on the terms set out in the Explanatory Memorandum.”*

**Voting Exclusion:** For the purposes of Listing Rule 7.5, the Company will disregard any votes cast on this Resolution by any person who participated in the issue and any of their Associates, unless it is cast:

- (a) by a person as a proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) by the Chairman 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.

**Resolution 9 – Ratification of Issue of Options**

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

*“That, pursuant to and in accordance with Listing Rule 7.4 and for all other purposes, Shareholders approve and ratify the issue of 1,750,000 Options to the parties, for the purposes and on the terms set out in the Explanatory Memorandum.”*

**Voting Exclusion:** For the purposes of Listing Rule 7.5, the Company will disregard any votes cast on this Resolution by any person who participated in the issue and any of their Associates, unless it is cast:

- (a) by a person as a proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) by the Chairman 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.

### **Resolution 10 – Increase in Maximum Aggregate Remuneration for Non-Executive Directors**

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

*"That in accordance with clause 88.1 of the Constitution and Listing Rule 10.17, the maximum aggregate remuneration payable to non-executive Directors be increased by \$150,000 from \$200,000 to \$350,000 per annum."*

**Voting Exclusion:** The Company will disregard any votes cast in favour of Resolution 10 by or on behalf of any Director or an Associate of any Director.

However, the Company need not disregard a vote if it is cast:

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

**Voting Prohibition:** In accordance with the Corporations Act, the Company will disregard any votes cast on Resolution 10 by a person who is a member of the Key Management Personnel, or their Closely Related Parties, as a proxy.

However, the Company will not disregard a vote if the vote is cast as a proxy for a person entitled to vote on Resolution 10:

- (a) in accordance with a direction as to how to vote on the Proxy Form; or
- (b) by the Chair pursuant to an express authorisation to exercise the proxy even if Resolution 10 is connected directly or indirectly with the remuneration of a member of Key Management Personnel.

### **Resolution 11 – Section 195 Approval**

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

*"That, pursuant to and in accordance with subsection 195(4) of the Corporations Act and for all other purposes, Shareholders approve the transactions contemplated in Resolutions 4, 5 and 6."*

### **Resolution 12 – Approval of Grant of Options**

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

*"That, for the purpose of Listing Rule 7.1 of the Listing Rule and for all other purposes, the issue to contractors, for nil consideration of up to 1,000,000 Options to acquire fully paid shares in the capital of the Company, at an exercise price of 50 cents or 143% of the VWAP of the fully paid ordinary Shares of the Company on the five trading days prior to the date of the meeting to approve the issue (whichever is the higher), expiring on 4 November 2025 and on the terms and conditions outlined in the Explanatory Memorandum and in Annexure E is hereby approved."*

**Short Explanation:** Approval is sought under Listing Rule 7.1 to authorise the Company to issue these securities. Please refer to the Explanatory Memorandum for details.

**Voting Exclusion:** The Company will, in accordance with the Listing Rules, disregard any votes cast on Resolution 12 by a person or an associate of that person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed. However, the Company will not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides

### Resolution 13 – Share Placement Facility

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

*“That, for the purposes of Listing Rule 7.1 of the Listing Rules of the ASX and for all other purposes, the directors be authorised to issue and allot up to 30,000,000 ordinary fully paid shares in the capital of the Company at an issue price of not less than 80% of the average market price of the Company’s shares (calculated over the 5 days on which sales of shares were recorded before the day on which the issue is made), with such shares to be issued to such persons as the directors in their absolute discretion may determine and otherwise upon the terms set out in the Notice of Annual General Meeting and Explanatory Memorandum.”*

**Short Explanation:** Approval is sought under Listing Rule 7.1 to allow the Company to allot and issue up to 30,000,000 ordinary fully paid shares in the capital of the Company at an issue price of not less than 80% of the average market price of the Company’s shares. Please refer to the Explanatory Memorandum for details.

**Voting Exclusion:** The Company will, in accordance with the Listing Rules, disregard any votes cast on Resolution 13 by a person or an associate of that person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed. However, the Company will not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides

### Other Business

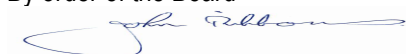
To deal with any other business that may be brought forward in accordance with the Constitution and the Corporations Act.

The enclosed Proxy Form provides further details on appointing proxies and lodging proxy forms. To be valid, properly completed Proxy Forms must be received by the Company’s share registry no later than 9:00 am (WST) on 2 November 2020 by:

1. post to GPO Box 5193, Sydney NSW 2001;
2. email at [meetings@automicgroup.com.au](mailto:meetings@automicgroup.com.au); or
3. online at <https://investor.automic.com.au/#/loginsah>.

If you are a beneficial Shareholder and receive these materials through your broker or through another intermediary, please complete and return the Proxy Form or voting instruction form in accordance with the instructions provided to you by your broker or by the other intermediary.

By order of the Board



John Ribbons

Company Secretary

Date: 14 September 2020

## **PROXIES**

A Shareholder entitled to attend and vote at the above meeting may appoint not more than two proxies. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the Shareholder's voting rights.

A proxy may, but need not be, a Shareholder of the Company.

The instrument appointing the proxy must be in writing, executed by the appointor or his attorney duly authorised in writing or, if such appointor is a corporation, either under seal or under hand of an officer duly authorised.

The instrument of proxy (and the power of attorney or other authority, if any, under which it is signed) must be lodged by person, post, courier or facsimile and reach the registered office of the Company at least 48 hours prior to the meeting. For the convenience of Shareholders a Proxy Form is enclosed.

## **ENTITLEMENT TO VOTE**

For the purposes of regulation 7.11.37 of the Corporations Regulations 2001, the Company determines that members holding Shares at 5:00 pm WST on 2 November 2020 will be entitled to attend and vote at the AGM.

## **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 meeting.

## **ELECTRONIC COMMUNICATION**

All Shareholders may, and are encouraged to, elect to receive communications from the Company's share registry electronically. To provide or update your email address, please contact the Company's share registry.

## **REVOCAION OF PROXIES**

A Shareholder executing and delivering a proxy has the power to revoke it in accordance with the provisions of the Corporations Act, which provides that every proxy may be revoked by an instrument in writing executed by the Shareholder or by his or her attorney authorised in writing and delivered either to the registered office of the Company at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof at which the proxy is to be used, or to the Chair on the day of the Meeting or any adjournment thereof, or in any other manner permitted by law.



## **EXPLANATORY MEMORANDUM**

This Explanatory Memorandum has been prepared for the Shareholders of Element 25 Limited ACN 119 711 929 (**Company**) in connection with the business to be conducted at the Annual General Meeting of the Company to be held at The Celtic Club, 48 Ord Street, West Perth, Western Australia, on 4 November 2020 commencing at 9:00 am.

This Explanatory Memorandum should be read in conjunction with, and form part of, the accompanying notice.

The Directors recommend that Shareholders read this Explanatory Memorandum in full before making any decision in relation to the Resolutions.

Terms used in this Explanatory Memorandum will, unless the context otherwise requires, have the same meaning given to them in the glossary as contained in this Explanatory Memorandum.

At the AGM, Shareholders will be asked to consider the following Resolutions:

- re-electing Mr Seamus Cornelius as a Director;
- adopting the Remuneration Report;
- approving 10% Placement Facility;
- approving grant of options to Mr Justin Brown;
- approving grant of options to Mr John Ribbons;
- approving grant of options to Mr Seamus Cornelius;
- approving ratification of issue of shares;
- approving ratification of issue of shares;
- approving ratification of issue of options;
- approving increase in maximum aggregate remuneration for non-executive directors;
- section 195 approval;
- approving grant of issue of options; and
- approving share placement facility.

### **Financial and Other Reports**

As required by Section 317 of the Corporations Act, the financial statements for the year ended 30 June 2020 and the accompanying Directors' report, Directors' declaration and auditor's report will be laid before the meeting.

Neither the Corporations Act, nor the Company's Constitution requires a vote on the reports. However, the Shareholders will have an opportunity to ask questions about the reports at the AGM.

### **Resolution 1 – Re-election of Mr Seamus Cornelius as a Director**

#### **1.1 Introduction**

In accordance with Listing Rule 14.4, no director of the Company may hold office (without re-election) past the third AGM following the director's appointment or 3 years, whichever period is longer. The Company's Constitution also requires that one third of the Company's directors must retire at each AGM. Accordingly, Mr Seamus Cornelius will retire by rotation and, being eligible, offers himself for re-election.

Resolution 1 is an ordinary resolution, requiring it to be passed by a simple majority of votes cast by the Shareholders entitled to vote on it.

#### **1.2 Director's Biography**

Mr Cornelius is an experienced international corporate lawyer and company director. He was a partner with a major international law firm from 2000 to 2010 and resided in China from 1993 until 2017. In 2010, Mr Cornelius commenced his public company career as company director and is currently a director and non-executive chairman of Buxton Resources Limited, Duketon Mining Limited and Danakali Limited. Mr Cornelius has not held any former directorships in the last 3 years.

Given Mr Cornelius' extensive legal, commercial and more recently, resource industry experience, the Board considers Mr Cornelius holds relevant experience and skills necessary to assist the Company at its current stage of development.

Further details in relation to Mr Cornelius' background and experience are set out in the Annual Report. The Board considers Mr Cornelius to be an independent Director.

### **1.3 Directors' Recommendation**

All the Directors except Mr Cornelius recommend that Shareholders vote in favour of Resolution 1.

## **Resolution 2 – Adoption of Remuneration Report**

### **2.1 Introduction**

As required by the Corporations Act, the Board is presenting the Remuneration Report to Shareholders for consideration and adoption by a non-binding vote.

The Remuneration Report, which is part of the 2020 Annual Report, has been sent to Shareholders who have made an election to receive the Annual Report. Copies of the 2020 Annual Report are available by contacting the Company's share registrar or visiting the Company's website [www.e25.com.au](http://www.e25.com.au).

The vote on this Resolution is advisory only and does not bind the Directors or the Company. However, if at least 25% of the votes cast are against adoption of the Remuneration Report at the 2020 AGM and then again at the 2021 AGM, the Company will be required to put a resolution to the 2021 AGM to approve calling an extraordinary general meeting (**spill resolution**). If more than 50% of Shareholders vote in favour of the spill resolution, the Company must convene an extraordinary general meeting (**spill meeting**) within 90 days of the 2021 AGM. All of the Directors who were in office when the 2021 Directors' Report was approved, other than the Managing Director, will (if desired) need to stand for re-election at the spill meeting.

The Remuneration Report explains Board policies in relation to the nature and level of remuneration paid to Key Management Personnel, sets out remuneration details for each member of the Key Management Personnel, details any service agreements and sets out the details of any share based compensation.

### **2.2 Voting on the Remuneration Report**

Note that a voting prohibition applies to Resolution 2 in the terms set out in the Notice of Meeting. In particular, the directors and other restricted voters may not vote on this Resolution and may not cast a vote as proxy, unless the appointment gives a direction on how to vote or the proxy is given to the Chair and expressly authorises the Chair to exercise your proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. The Chair will use any such proxies to vote in favour of the Resolution.

## **Resolution 3 – Approval of 10% Placement Facility**

### **3.1 General**

Listing Rule 7.1A enables an eligible entity to issue Equity Securities up to 10% of its issued share capital through placements over a 12 month period after the AGM (**10% Placement Facility**). The 10% Placement Facility is in addition to the Company's 15% placement 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.

The Company is now seeking Shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 10% Placement Facility.

The exact number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 3.2(c) below).

The Company continues to advance its 100% owned Butcherbird Project. The Company may use the 10% Placement Facility to advance this goal.

The Directors of the Company believe that Resolution 3 is in the best interests of the Company and unanimously recommend that Shareholders vote in favour of this Resolution.

**3.2 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 AGM.

*(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 on issue two classes of Equity Securities, being listed Shares and unlisted options.

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

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

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

**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% placement capacity without shareholder approval;
- (iv) less the number of fully paid shares cancelled in the 12 months.

**D** is 10%;

**E** is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with 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 on issue 117,684,774 Shares. At the date of the meeting, assuming Shareholders approve Resolutions 7,8 and 9 the Company will have the capacity to issue:

- (i) 17,652,716 Equity Securities under Listing Rule 7.1; and
- (ii) 11,768,477 Equity Securities 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 in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 3.2(c) above).

*(e) Minimum Issue Price*

The issue price of Equity Securities issued under Listing Rule 7.1A must be not less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 Trading Days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

**(f) 10% Placement Period**

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A is valid from the date of the AGM at which the approval is obtained and expires on the earlier to occur of:

- (i) the date that is 12 months after the date of the AGM at which the approval is obtained; or
- (ii) the date of the approval by shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

or such longer period if allowed by ASX (**10% Placement Period**).

**3.3 Listing Rule 7.1A**

The effect of Resolution 3 will be to allow the Directors to issue the Equity Securities under Listing Rule 7.1A during the 10% Placement Period without using the Company's 15% placement capacity under Listing Rule 7.1.

Resolution 3 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

**3.4 Specific information required by Listing Rule 7.3A**

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

- (a) The Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities over the 15 Trading Days on which trades in that class were recorded immediately before:
  - (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
  - (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.
- (b) If Resolution 3 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 below table. There is a risk that:
  - (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the meeting; and
  - (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date which may have an effect on the amount of funds raised by the issue of the Equity Securities.

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.

The table shows:

- (i) two examples where variable "A" has increased by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
- (ii) two examples of where the issue price of ordinary securities has decreased by 50% and increased by 100% as against the current market price.

Variable "A" in Listing Rule 7.1A.2		Dilution		
		\$0.30 50% decrease in Issue Price	\$0.60 Issue Price	\$1.20 100% increase in Issue Price
Current Variable A 117,684,774 Shares	10% voting dilution	11,768,477 Shares	11,768,477 Shares	11,768,477 Shares
	Funds raised	\$3,530,543	\$7,061,086	\$14,122,173
50% increase in current Variable A 176,527,161 Shares	10% voting dilution	17,652,716 Shares	17,652,716 Shares	17,652,716 Shares
	Funds raised	\$5,295,815	\$10,591,630	\$21,183,259
100% increase in current Variable A 235,369,548 Shares	10% voting dilution	23,536,954 Shares	23,536,954 Shares	23,536,954 Shares
	Funds raised	\$7,061,086	\$14,122,172	\$28,244,345

The table has been prepared on the following assumptions:

- (i) The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
  - (ii) No Options are exercised into Shares before the date of issue of the Equity Securities.
  - (iii) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
  - (iv) The table shows only the effect of issue of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
  - (v) The issue price is \$0.60, being the closing price of the Shares on ASX on 14 September 2020.
- (c) The Company will only issue and allot the Equity Securities during the Placement Period. The approval under Resolution 3 for the issue of the Equity Securities will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or Listing Rule 11.2 (disposal of main undertaking).
  - (d) The Company may seek to issue the Equity Securities to raise funds for advancing its exploration projects and/or general working capital.

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 factors including but not limited to the following:

- (i) the methods of raising funds that are available to the Company, including but not limited to, rights issue or other issue in which existing security holders can participate;
  - (ii) the effect of the issue of the Equity Securities on the control of the Company;
  - (iii) the financial situation and solvency of the Company; and
  - (iv) advice from corporate, financial and broking advisers (if applicable).
- (e) The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A upon issue of any Equity Securities.
  - (f) The allottees under the 10% Placement Facility have not been determined as at the date of this Notice but may include existing substantial Shareholders and/or new Shareholders who are not related parties or Associates of a related party of the Company.
  - (g) The Company previously obtained Shareholder approval under Listing Rule 7.1A at the 2019 annual general meeting on 20 November 2019.

**ELEMENT 25 LIMITED**

Notice of Annual General Meeting 4 November 2020

In accordance with Listing Rule 7.3A.6 the total number of Equity Securities issued in the 12 months preceding the date of this notice of meeting is 29,527,500 representing 28.42% of the Equity Securities on issue at the commencement of the 12 month period.

The Company has issued the following equity securities in the 12 months preceding the date of this Notice:

Date of Issue	Number of Securities	Class	Issue Price	Discount to Market price	Total Consideration	Issued to	Options Value as determined by Black-Scholes valuation
18/11/2019	125,000	Ordinary Shares	\$0.215	(19.44)%	\$26,875	S Cornelius	N/A
22/11/2019	1,000,000	Options	Nil	Nil	Nil	Aradia Ventures Pty Ltd	\$378,600
22/11/2019	500,000	Options	Nil	Nil	Nil	S Cornelius	\$189,300
22/11/2019	500,000	Options	Nil	Nil	Nil	John Ribbons <Ribbons Family A/C>	\$189,300
18/3/2020	4,800,000	Ordinary Shares	Nil	100%	Nil	Acuity Capita (collateral shares)	N/A
7/4/2020	500,000	Options	Nil	Nil	Nil	Andrea Gertrud Graham	\$214,600
29/5/2020	1,530,000	Ordinary Shares	\$0.363	10%	\$555,000	Acuity Capital	N/A
26/6/2020	250,000	Options	Nil	Nil	Nil	B R Smoothy & R M Burn	\$94,225
26/6/2020	250,000	Options	Nil	Nil	Nil	Chandra Ridley	\$94,225
26/6/2020	500,000	Options	Nil	Nil	Nil	Zoetmelksvlei (Pty) Ltd <Tambotia Superannuation Fund>	\$142,450
14/7/2020	500,000	Ordinary Shares	\$0.30	27.71%	\$150,000	Zenix Nominees Pty Ltd upon exercise of options	N/A
14/7/2020	8,750,000	Ordinary Shares	\$0.40	3.61%	\$3,250,000	Placement to investors exempt from disclosure obligations under Chapter 6D of the Corporations Act	N/A
23/7/2020	8,072,500	Ordinary Shares	\$0.40	4.76%	\$3,229,000	Issue in accordance with share purchase plan	N/A
27/7/2020	500,000	Ordinary Shares	\$0.30	27.71%	\$150,000	Zenix Nominees Pty Ltd upon exercise of options	N/A
19/8/2020	500,000	Ordinary Shares	\$0.26	52.73%	\$130,000	Ian Huitson upon exercise of options	N/A
19/8/2020	500,000	Ordinary Shares	\$0.30	45.45%	\$150,000	Francis Harper upon exercise of options	N/A
19/8/2020	500,000	Ordinary Shares	\$0.30	45.45%	\$150,000	JSR Nominees Pty Ltd upon exercise of options	N/A

The Company has spent \$399,879 of the funds it has raised in the 12 months preceding the date of this Notice on advancing the development of the Company's Butcherbird Project and corporate expenses. The intended use of the remaining funds is for continuing development of the Butcherbird Project and general working capital purposes.

- (h) A voting exclusion statement is included in the Notice.
- (i) At the date of the Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holders to participate in the issue of the Equity Securities. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice.

**3.5 Directors' Recommendation**

The Directors of the Company believe that Resolution 3 is in the best interests of the Company and unanimously recommend that Shareholders vote in favour of this Resolution.

**Resolution 4 – Approval of Grant of Options to Mr Justin Brown**

The Company proposes to grant 500,000 Options to Mr Justin Brown, or his nominees, for nil consideration at an exercise price of 50 cents or 143% of the VWAP of the fully paid ordinary Shares of the Company on the five trading days prior to the date of the meeting to approve the issue (whichever is the higher) per share and expiring 4 November 2025.

The full terms of the Options are set out in Annexure A to this Explanatory Memorandum.

The Directors consider that the grant of the Options is a cost effective and efficient means for the Company to provide a reward and incentive.

The exercise price will only be known on the date of issue. Assuming that the Options were issued on the date of this Notice, the exercise price would be \$0.858. On that basis, in the event all the Options are exercised, Mr Brown (or his nominees) will need to pay a total of \$429,000 to the Company.

**Related Party Transactions Generally**

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party of the public company unless either:

- (a) the giving of the financial benefit falls within one of the nominated exceptions to the provision; or

- (b) prior Shareholder approval is obtained to the giving of the financial benefit and the benefit is given within 15 months after obtaining such approval.

For the purposes of Chapter 2E, Directors and persons who were a related party in the previous six months are considered to be related parties of the Company.

Resolution 4 provides for the grant of Options to a related party which is a financial benefit requiring Shareholder approval. For the purpose of Chapter 2E of the Corporations Act the following information is provided.

***The related party to whom the proposed Resolution would permit the financial benefit to be given***

Subject to Shareholder approval, the Options the subject of Resolution 4 will be granted to Mr Brown, or his nominees, within one month of the passing of this Resolution. Mr Brown is a Director of the Company and is therefore classified as a related party.

***The nature of, reasons for and basis for the financial benefit***

The proposed financial benefit is the grant of 500,000 options to Mr Brown, or his nominees, for no issue price. Each Option will allow Mr Brown to subscribe for one ordinary fully paid Share in the Company. The Options have an exercise price of 50 cents or 143% of the VWAP of the fully paid ordinary Shares of the Company on the five trading days prior to the date of the meeting to approve the issue (whichever is the higher) per share and expiring 4 November 2025.

The Options form part of Mr Brown's incentive for continuing and future efforts. Options are considered to be the appropriate incentive given the Company's current size and stage of development, being an exploration company with limited cash reserves. If Mr Brown is to derive any value from the Options, the market Share price must be in excess of the exercise price at the time of exercise. As the exercise price of the Options is at a premium to the most recent closing Share price prior to the date of this Notice, and the average Share price as traded over the previous 6 months, the Options represent an incentive to Mr Brown to achieve this increase in the Share price, which would result in an increase in Shareholder value.

***Directors' recommendation***

All directors except Mr Brown recommend Shareholders vote in favour of Resolution 4. Mr Brown does not wish to make a recommendation about the proposed Resolution 4 as he may potentially receive a financial benefit from the passing of the Resolution in relation to the grant of Options and does not consider himself sufficiently independent to make a recommendation.

***Interests of Directors***

Mr Brown has noted his interest in the approval of Resolution 4 in relation to the Options.

***Any other information that is reasonably required by members to make a decision and that is known to the Company or any of its officers***

- (a) The proposed Resolution would have the effect of giving power to the Directors to grant 500,000 Options to Mr Brown, or his nominees.
- (b) The exercise of the Options is subject to the terms and conditions as set out in Annexure A to this Explanatory Memorandum and as otherwise mentioned above.
- (c) The Directors, in conjunction with the Company's advisers, have provided an indicative value to the Options by reference to the Black-Scholes valuation method.
- (d) The total value of the Options to be issued is outlined in Table 1 below. If Options granted to Mr Brown, or his nominees, are exercised, the effect would be to dilute the Shareholdings of the existing Shareholders.

**Table 1 - Details of Director Options**

Name	Relationship	Number of options	Exercise price	Expiry date	Vesting	Value as determined by Black-Scholes valuation
Justin Brown	Director	500,000	the greater of 50 cents per share or 143% of the VWAP of the fully paid ordinary shares of the Company 5 days prior to the date of the meeting	4 November 2025	At date of allotment	\$ (i) 98,700

**Option Valuation details**

Details	Input
Share price	\$0.60
Exercise Price	\$0.858
Risk Free Rate	0.43%
Volatility (Annualised)	50%
Start Date	4 November 2020
Expiry Date	4 November 2025
<b>Value per Option</b>	<b>\$0.1974(i)</b>

- (e) As at the date of this Notice, the issued capital of the Company comprised 117,684,774 Shares. If all Options granted as proposed above are exercised, and assuming all existing Options on issue have been exercised, and assuming no other share issues proceed, the effect would be to dilute the Shareholding of existing Shareholders as per the table below:

	Existing Shares and Options
Shares and Options	130,534,774
Options to be granted	500,000
<b>New Total</b>	<b>131,034,774</b>
Dilutionary effect	<b>0.4%</b>

- (f) Mr Brown's current interests in securities of the Company are set out in the table below:

Director	Shareholding	Option holding
Justin Brown	5,405,360	4,600,000

- (g) The market price of the Company's Shares during the term of the Options will normally determine whether or not the Option holder exercises the Options. At the time any Options are exercised and Shares are issued pursuant to the exercise of the Options, the Company's Shares may be trading at a price which is higher than the exercise price of the Options.
- (h) The Options will not be quoted on ASX and as such have no actual market value. The fully paid ordinary Shares of the Company have been traded on ASX since November 2006. In the twelve months prior to the date of this notice the Shares have traded in the range of 9.5 cents to 61 cents, the most recent closing price prior to the date of this Notice was 60 cents. The Options are capable of being converted to Shares by payment of the exercise price.
- (i) Mr Brown currently receives a salary of \$220,000 per annum, plus superannuation.
- (j) Under the Australian equivalent of IFRS, the Company is required to expense the value of the Options in its profit or loss for the current financial year. Other than as disclosed in this Explanatory Memorandum, the Directors do



not consider that from an economic and commercial point of view, there are any costs or detriments, including opportunity costs or taxation consequences for the Company or benefits foregone by the Company in granting the Options to Mr Brown or his nominees pursuant to Resolution 4.

- (k) Neither the Directors nor the Company are aware of any other information that would be reasonably required by Shareholders to make a decision in relation to the financial benefits contemplated by this Resolution.

**Specific information required by Listing Rule 10.13**

Listing Rule 10.13 requires that information be provided to Shareholders for the purposes of obtaining Shareholder approval pursuant to Listing Rule 10.11 as follows:

- (a) The Options will be issued to Mr Brown (or his nominees).
- (b) The maximum number of Options to be issued to Mr Brown (or his nominees) is 500,000.
- (c) The Options will be issued no later than one month after the date of the Meeting (or such longer period of time as ASX may in its discretion allow).
- (d) The Options will be issued at an exercise price of 50 cents or 143% of the VWAP of the fully paid ordinary Shares of the Company on the five trading days prior to the date of the meeting to approve the issue (whichever is the higher) per share and expiring 4 November 2025.
- (e) The Options will be issued for nil consideration and on the terms and conditions outlined in Annexure A.
- (f) A voting exclusion statement is included in the Notice of Meeting.
- (g) No funds will be raised from the issue of the Options.

**Resolution 5 – Approval of Grant of Options to Mr John Ribbons**

The Company proposes to grant 250,000 Options to Mr John Ribbons, or his nominees, for nil consideration at an exercise price of 50 cents or 143% of the VWAP of the fully paid ordinary Shares of the Company on the five trading days prior to the date of the meeting to approve the issue (whichever is the higher) per share and expiring 4 November 2025.

The full terms of the Options are set out in Annexure A to this Explanatory Memorandum.

The Directors consider that the grant of the Options is a cost effective and efficient means for the Company to provide a reward and incentive.

The exercise price will only be known on the date of issue. Assuming that the Options were issued on the date of this Notice, the exercise price would be \$0.858. On that basis, in the event all the Options are exercised, Mr Ribbons (or his nominees) will need to pay a total of \$214,500 to the Company.

**Related Party Transactions Generally**

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party of the public company unless either:

- (a) the giving of the financial benefit falls within one of the nominated exceptions to the provision; or
- (b) prior Shareholder approval is obtained to the giving of the financial benefit and the benefit is given within 15 months after obtaining such approval.

For the purposes of Chapter 2E, Directors and persons who were a related party in the previous six months are considered to be related parties of the Company.

Resolution 5 provides for the grant of Options to a related party which is a financial benefit requiring Shareholder approval. For the purpose of Chapter 2E of the Corporations Act the following information is provided.

***The related party to whom the proposed Resolution would permit the financial benefit to be given***

Subject to Shareholder approval, the Options the subject of Resolution 5 will be granted to Mr Ribbons, or his nominees, within one month of the passing of this Resolution. Mr Ribbons is a Director of the Company and is therefore classified as a related party.

***The nature of, reasons for and basis for the financial benefit***

The proposed financial benefit is the grant of 250,000 options to Mr Ribbons, or his nominees, for no issue price. Each Option will allow Mr Ribbons to subscribe for one ordinary fully paid Share in the Company. The Options have an exercise price of 50 cents or 143% of the VWAP of the fully paid ordinary Shares of the Company on the five trading days prior to the date of the meeting to approve the issue (whichever is the higher) per share and expiring 4 November 2025.

The Options form part of Mr Ribbons' incentive for continuing and future efforts. Options are considered to be the appropriate incentive given the Company's current size and stage of development, being an exploration company with limited cash reserves. If Mr Ribbons is to derive any value from the Options, the market Share price must be in excess of the exercise price at the time of exercise. As the exercise price of the Options is at a premium to the most recent closing Share price prior to the date of this Notice, and the average Share price as traded over the previous 6 months, the Options represent an incentive to Mr Ribbons to achieve this increase in the Share price, which would result in an increase in Shareholder value.

***Directors' recommendation***

All directors except Mr Ribbons recommend Shareholders vote in favour of Resolution 5. Mr Ribbons does not wish to make a recommendation about the proposed Resolution 5 as he may potentially receive a financial benefit from the passing of the Resolution in relation to the grant of Options and does not consider himself sufficiently independent to make a recommendation.

***Interests of Directors***

Mr Ribbons has noted his interest in the approval of Resolution 5 in relation to the Options.

***Any other information that is reasonably required by members to make a decision and that is known to the Company or any of its officers***

- (a) The proposed Resolution would have the effect of giving power to the Directors to grant 250,000 Options to Mr Ribbons, or his nominees.
- (b) The exercise of the Options is subject to the terms and conditions as set out in Annexure A to this Explanatory Memorandum and as otherwise mentioned above.
- (c) The Directors, in conjunction with the Company's advisers, have provided an indicative value to the Options by reference to the Black-Scholes valuation method.
- (d) The total value of the Options to be issued is outlined in Table 1 below. If Options granted to Mr Ribbons, or his nominees, are exercised, the effect would be to dilute the Shareholdings of the existing Shareholders.

**Table 1 - Details of Director Options**

<b>Name</b>	<b>Relationship</b>	<b>Number of options</b>	<b>Exercise price</b>	<b>Expiry date</b>	<b>Vesting</b>	<b>Value as determined by Black-Scholes valuation</b>
John Ribbons	Director	250,000	the greater of 50 cents per share or 143% of the VWAP of the fully paid ordinary shares of the Company 5 days prior to the date of the meeting	4 November 2025	At date of allotment	\$ (i) 49,350

**Option Valuation details**

Details	Input
Share price	\$0.60
Exercise Price	\$0.858
Risk Free Rate	0.43%
Volatility (Annualised)	50%
Start Date	4 November 2020
Expiry Date	4 November 2025
<b>Value per Option</b>	<b>\$0.1974(i)</b>

- (e) As at the date of this Notice, the issued capital of the Company comprised 117,684,774 Shares. If all Options granted as proposed above are exercised, and assuming all existing Options on issue have been exercised, and assuming no other share issues proceed, the effect would be to dilute the Shareholding of existing Shareholders as per the table below:

	Existing Shares and Options
Shares and Options	130,534,774
Options to be granted	250,000
<b>New Total</b>	<b>130,784,774</b>
Dilutionary effect	0.2%

- (f) Mr Ribbons' current interests in securities of the Company are set out in the table below:

Director	Shareholding	Option holding
John Ribbons	660,715	2,300,000

- (g) The market price of the Company's Shares during the term of the Options will normally determine whether or not the Option holder exercises the Options. At the time any Options are exercised and Shares are issued pursuant to the exercise of the Options, the Company's Shares may be trading at a price which is higher than the exercise price of the Options.
- (h) The Options will not be quoted on ASX and as such have no actual market value. The fully paid ordinary Shares of the Company have been traded on ASX since November 2006. In the twelve months prior to the date of this notice the Shares have traded in the range of 9.5 cents to 61 cents, the most recent closing price prior to the date of this Notice was 60 cents. The Options are capable of being converted to Shares by payment of the exercise price.
- (i) Mr Ribbons receives an annual director fee of \$42,000, plus GST.
- (j) Under the Australian equivalent of IFRS, the Company is required to expense the value of the Options in its profit or loss for the current financial year. Other than as disclosed in this Explanatory Memorandum, the Directors do not consider that from an economic and commercial point of view, there are any costs or detriments, including opportunity costs or taxation consequences for the Company or benefits foregone by the Company in granting the Options to Mr Ribbons or his nominees pursuant to Resolution 5.
- (k) Neither the Directors nor the Company are aware of any other information that would be reasonably required by Shareholders to make a decision in relation to the financial benefits contemplated by this Resolution.

**Specific information required by Listing Rule 10.13**

Listing Rule 10.13 requires that information be provided to Shareholders for the purposes of obtaining Shareholder approval pursuant to Listing Rule 10.11 as follows:

- (a) The Options will be issued to Mr Ribbons (or his nominees).
- (b) The maximum number of Options to be issued to Mr Ribbons (or his nominees) is 250,000.
- (c) The Options will be issued no later than one month after the date of the Meeting (or such longer period of time as ASX may in its discretion allow).

## ELEMENT 25 LIMITED

Notice of Annual General Meeting 4 November 2020

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- (d) The Options will be issued at an exercise price of 50 cents or 143% of the VWAP of the fully paid ordinary Shares of the Company on the five trading days prior to the date of the meeting to approve the issue (whichever is the higher) per share and expiring 4 November 2025.
- (e) The Options will be issued for nil consideration and on the terms and conditions outlined in Annexure A.
- (f) A voting exclusion statement is included in the Notice of Meeting.
- (g) No funds will be raised from the issue of the Options.

### **Resolution 6 – Approval of Grant of Options to Mr Seamus Cornelius**

The Company proposes to grant 250,000 Options to Mr Seamus Cornelius, or his nominees, for nil consideration at an exercise price of 50 cents or 143% of the VWAP of the fully paid ordinary Shares of the Company on the five trading days prior to the date of the meeting to approve the issue (whichever is the higher) per share and expiring 4 November 2025.

The full terms of the Options are set out in Annexure A to this Explanatory Memorandum.

The Directors consider that the incentive represented by the grant of the Options is a cost effective and efficient means for the Company to provide a reward and incentive.

The exercise price will only be known on the date of issue. Assuming that the Options were issued on the date of this Notice, the exercise price would be \$0.858. On that basis, in the event all the Options are exercised, Mr Cornelius (or his nominees) will need to pay a total of \$214,500 to the Company.

### ***Related Party Transactions Generally***

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party of the public company unless either:

- (a) the giving of the financial benefit falls within one of the nominated exceptions to the provision; or
- (b) prior Shareholder approval is obtained to the giving of the financial benefit and the benefit is given within 15 months after obtaining such approval.

For the purposes of Chapter 2E, Directors and persons who were a related party in the previous six months are considered to be related parties of the Company.

Resolution 6 provides for the grant of Options to a related party which is a financial benefit requiring Shareholder approval. For the purpose of Chapter 2E of the Corporations Act the following information is provided.

### ***The related party to whom the proposed Resolution would permit the financial benefit to be given***

Subject to Shareholder approval, the Options the subject of Resolution 6 will be granted to Mr Cornelius, or his nominees, within one month of the passing of this Resolution. Mr Cornelius is a Director of the Company and is therefore classified as a related party.

### ***The nature of, reasons for and basis for the financial benefit***

The proposed financial benefit is the grant of 250,000 options to Mr Cornelius, or his nominees, for no issue price. Each Option will allow Mr Cornelius to subscribe for one ordinary fully paid Share in the Company. The Options have an exercise price of 50 cents or 143% of the VWAP of the fully paid ordinary Shares of the Company on the five trading days prior to the date of the meeting to approve the issue (whichever is the higher) per share and expiring 4 November 2025.

The Options form part of Mr Cornelius' incentive for continuing and future efforts. Options are considered to be the appropriate incentive given the Company's current size and stage of development, being an exploration company with limited cash reserves. If Mr Cornelius is to derive any value from the Options, the market Share price must be in excess of the exercise price at the time of exercise. As the exercise price of the Options is at a premium to the most recent closing Share price prior to the date of this Notice, and the average Share price as traded over the previous 6 months, the Options represent an incentive to Mr Cornelius to achieve this increase in the Share price, which would result in an increase in Shareholder value.

### ***Directors' recommendation***

All directors except Mr Cornelius recommend Shareholders vote in favour of Resolution 6. Mr Cornelius does not wish to make a recommendation about the proposed Resolution 6 as he may potentially receive a financial benefit from the passing of the Resolution in relation to the grant of Options and does not consider himself sufficiently independent to make a recommendation.

**Interests of Directors**

Mr Cornelius has noted his interest in the approval of Resolution 6 in relation to the Options.

**Any other information that is reasonably required by members to make a decision and that is known to the Company or any of its officers**

- (a) The proposed Resolution would have the effect of giving power to the Directors to grant 250,000 Options to Mr Cornelius, or his nominees.
- (b) The exercise of the Options is subject to the terms and conditions as set out in Annexure A to this Explanatory Memorandum and as otherwise mentioned above.
- (c) The Directors, in conjunction with the Company's advisers, have provided an indicative value to the Options by reference to the Black-Scholes valuation method.
- (d) The total value of the Options to be issued is outlined in Table 1 below. If Options granted to Mr Cornelius, or his nominees, are exercised, the effect would be to dilute the Shareholdings of the existing Shareholders.

**Table 1 - Details of Director Options**

Name	Relationship	Number of options	Exercise price	Expiry date	Vesting	Value as determined by Black-Scholes valuation
Seamus Cornelius	Director	250,000	the greater of 50 cents per share or 143% of the VWAP of the fully paid ordinary shares of the Company 5 days prior to the date of the meeting	4 November 2025	At date of allotment	\$ (i) 49,350

**Option Valuation details**

Details	Input
Share price	\$0.60
Exercise Price	\$0.858
Risk Free Rate	0.43%
Volatility (Annualised)	50%
Start Date	4 November 2020
Expiry Date	4 November 2025
<b>Value per Option</b>	<b>\$0.1974(i)</b>

- (e) As at the date of this Notice, the issued capital of the Company comprised 117,684,774 Shares. If all Options granted as proposed above are exercised, and assuming all existing Options on issue have been exercised, and assuming no other share issues proceed, the effect would be to dilute the Shareholding of existing Shareholders as per the table below:

	Existing Shares and Options
Shares and Options	130,534,774
Options to be granted	250,000
<b>New Total</b>	<b>130,784,774</b>
Dilutionary effect	0.2%

- (f) Mr Cornelius' current interests in securities of the Company are set out in the table below:

Director	Shareholding	Option holding
Seamus Cornelius	5,255,177	2,300,000

- (g) The market price of the Company's Shares during the term of the Options will normally determine whether or not the Option holder exercises the Options. At the time any Options are exercised and Shares are issued pursuant to the exercise of the Options, the Company's Shares may be trading at a price which is higher than the exercise price of the Options.
- (h) The Options will not be quoted on ASX and as such have no actual market value. The fully paid ordinary Shares of the Company have been traded on ASX since November 2006. In the twelve months prior to the date of this notice the Shares have traded in the range of 9.5 cents to 61 cents, the most recent closing price prior to the date of this Notice was 60 cents. The Options are capable of being converted to Shares by payment of the exercise price.
- (i) Mr Cornelius receives an annual director fee of \$60,000.
- (j) Under the Australian equivalent of IFRS, the Company is required to expense the value of the Options in its profit or loss for the current financial year. Other than as disclosed in this Explanatory Memorandum, the Directors do not consider that from an economic and commercial point of view, there are any costs or detriments, including opportunity costs or taxation consequences for the Company or benefits foregone by the Company in granting the Options to Mr Cornelius or his nominees pursuant to Resolution 6.
- (k) Neither the Directors nor the Company are aware of any other information that would be reasonably required by Shareholders to make a decision in relation to the financial benefits contemplated by this Resolution.

**Specific information required by Listing Rule 10.13**

Listing Rule 10.13 requires that information be provided to Shareholders for the purposes of obtaining Shareholder approval pursuant to Listing Rule 10.11 as follows:

- (a) The Options will be issued to Mr Cornelius (or his nominees).
- (b) The maximum number of Options to be issued to Mr Cornelius (or his nominees) is 250,000.
- (c) The Options will be issued no later than one month after the date of the Meeting (or such longer period of time as ASX may in its discretion allow).
- (d) The Options will be issued at an exercise price of 50 cents or 143% of the VWAP of the fully paid ordinary Shares of the Company on the five trading days prior to the date of the meeting to approve the issue (whichever is the higher) per share and expiring 4 November 2025.
- (e) The Options will be issued for nil consideration and on the terms and conditions outlined in Annexure A.
- (f) A voting exclusion statement is included in the Notice of Meeting.
- (g) No funds will be raised from the issue of the Options.

**Resolution 7 – Ratification of Issue of Shares**

**7.1 General**

On 18 March 2020 the Company entered into a Controlled Placement Agreement (CPA) with Acuity Capital to provide Element 25 Limited with up to \$2 million of standby equity capital over a 23 month period and issued 4,800,000 Shares from its LR7.1 capacity, at nil consideration to Acuity Capital (Collateral Shares). The standby facility was put in place to fund the development of the Butcherbird Project and working capital purposes.

On 26 May 2020 the Company utilised the CPA with Acuity Capital to raise \$555,000 (inclusive of costs) by agreeing to issue 1,530,000 Shares to Acuity at an issue price of \$0.363. 1,530,000 Shares were issued on 29 May 2020.

Listing Rule 7.4 permits the ratification of previous issues of securities made without prior shareholder approval provided the issue did not breach the 15% threshold set by Listing Rule 7.1. The purpose and effect of such a ratification is to restore the Company's discretionary power to issue further shares up to 15% of the issued capital of the Company without requiring shareholder approval.

By ratifying the issues the subject of Resolution 7, the base figure (ie variable "A") in which the Company's 15% and 10% annual placement capacities are calculated under Listing Rule 7.1 and Listing Rule 7.1A will be a higher number which in turn will allow a proportionately higher number of securities to be issued without prior Shareholder approval.

The Company proposes Resolution 7 to ratify previous issues of Shares in accordance with Listing Rule 7.4. The Company confirms that the allotment and issue of the Shares the subject of Resolution 7 did not breach Listing Rule 7.1.

**7.2 Information required by Listing Rule 7.5**

The following information is provided to Shareholders for the purposes of Listing Rule 7.5.

- (a) 6,330,000 Shares were issued;
- (b) 4,800,000 Shares were issued for nil consideration and 1,530,000 Shares were issued at \$0.363 per Share;
- (c) the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Shares were issued to non-related parties of the Company; and
- (e) funds raised from the issue will be used towards development of the Company's Butcherbird Project, plus general working capital.

**7.3 Directors' Recommendation**

The Directors of the Company believe that Resolution 7 is in the best interests of the Company and unanimously recommend that Shareholders vote in favour of this Resolution.

**Resolution 8 – Ratification of Issue of Shares****8.1 General**

On 14 July 2020 the Company issued 8,750,000 Shares at \$0.40 per Share to sophisticated, professional and institutional investors to raise up to a total of \$3,500,000 (before costs) under its Listing Rule placement capacity and now seeks, pursuant to Resolution 8 of the Notice, to ratify the allotment and issue of those Shares.

Listing Rule 7.4 permits the ratification of previous issues of securities made without prior shareholder approval provided the issue did not breach the 15% threshold set by Listing Rule 7.1. The purpose and effect of such a ratification is to restore the Company's discretionary power to issue further shares up to 15% of the issued capital of the Company without requiring shareholder approval.

By ratifying the issue the subject of Resolution 8, the base figure (ie variable "A") in which the Company's 15% and 10% annual placement capacities are calculated under Listing Rule 7.1 and Listing Rule 7.1A will be a higher number which in turn will allow a proportionately higher number of securities to be issued without prior Shareholder approval.

The Company proposes Resolution 8 to ratify a previous issue of Shares in accordance with Listing Rule 7.4. The Company confirms that the allotment and issue of the Shares the subject of Resolution 8 did not breach Listing Rule 7.1.

**8.2 Information required by Listing Rule 7.5**

The following information is provided to Shareholders for the purposes of Listing Rule 7.5.

- (a) 8,750,000 Shares were issued;
- (b) the issue price was \$0.40 per Share;
- (c) the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Shares were issued to non-related parties of the Company; and
- (e) the funds raised from the issue will be used towards development of the Company's Butcherbird Project, plus general working capital.

**8.3 Directors' Recommendation**

The Directors of the Company believe that Resolution 8 is in the best interests of the Company and unanimously recommend that Shareholders vote in favour of this Resolution.

**Resolution 9 – Ratification of Issue of Options****9.1 General**

During the year the Company issued the following options under its Listing Rule placement capacity and now seeks, pursuant to Resolution 9 of the Notice, to ratify the allotment and issue of those Options.

On 7 April 2020, 500,000 Options, exercise price 20 cents and expiring on 1 April 2025 were issued to AG Graham in order to reward and incentivise the non-related party of the Company performing work associated with the development of the Butcherbird Project.

On 26 June 2020, 500,000 Options, exercise price 50 cents and expiring on 25 June 2025 were issued to Zoetmelksvlei (Pty) Ltd <Tambotia Superannuation Fund A/C> in order to reward and incentivise the non-related party of the Company performing work associated with the development of the Butcherbird Project.

In addition, on 26 June 2020, 750,000 Options, exercise price 26 cents and expiring on 22 February 2024 were issued to B R Smoothy & R M Burn (500,000 Options) and Chandra Ridley (250,000 Options). The agreements between the Company and the respective Pastoral Lease owners provides the Company with access to the relevant properties which completed the requirements for the granting of mining lease M52/1074 and sets a framework for a mutually beneficial relationship setting up a cooperative framework to foster a strong working relationship going forward. The Company notes that whilst the agreements provides for cash and option payments, they are not of a material amount. Other provisions within the agreements are usual for agreements of this type.

Listing Rule 7.4 permits the ratification of previous issues of securities made without prior shareholder approval provided the issue did not breach the 15% threshold set by Listing Rule 7.1. The purpose and effect of such a ratification is to restore the Company's discretionary power to issue further shares up to 15% of the issued capital of the Company without requiring shareholder approval.

By ratifying the issues the subject of Resolution 9, the base figure (ie variable "A") in which the Company's 15% and 10% annual placement capacities are calculated under Listing Rule 7.1 and Listing Rule 7.1A will be a higher number which in turn will allow a proportionately higher number of securities to be issued without prior Shareholder approval.

The Company proposes Resolution 9 to ratify previous issues of Options in accordance with Listing Rule 7.4. The Company confirms that the allotment and issue of the Options the subject of Resolution 9 did not breach Listing Rule 7.1.

**9.2 Information required by Listing Rule 7.5**

The following information is provided to Shareholders for the purposes of Listing Rule 7.5.

- (a) 1,750,000 Options were issued;
- (b) the Options were issued for Nil consideration;
- (c) the Options issued were on the terms and conditions set out in Annexures B,C and D;
- (d) 500,000 Options were issued to B R Smoothy & R M Burn, 250,000 Options were issued to Chandra Ridley, 500,000 Options were issued to Zoetmelksvlei (Pty) Ltd <Tambotia Superannuation Fund A/C> and 500,000 Options were issued to AG Graham.
- (e) no funds were raised from the issue.

**9.3 Directors' Recommendation**

The Directors of the Company believe that Resolution 9 is in the best interests of the Company and unanimously recommend that Shareholders vote in favour of this Resolution.

**Resolution 10 – Increase in Maximum Aggregate Remuneration for Non-Executive Directors****10.1 General**

Listing Rule 10.17 and Article 39.5 of the Constitution provide that the maximum aggregate amount of the remuneration payable as Directors' fees to non-executive Directors is to be determined by Shareholders in a general meeting by ordinary resolution.

Executive Directors receive salary and other remuneration in accordance with the terms of their employment agreements, but do not receive Directors' fees. The remuneration paid by the Company to the executive Directors is not included in the maximum aggregate amount of Directors' fees for the purpose of this Resolution. The relevant remuneration is all fees payable to a non-executive Director for acting as a director of the Company (including attending and participating in any Board committee meetings) and includes superannuation contributions for the benefit of a non-executive Director and any fees which a non-executive Director agrees to sacrifice for other benefits.



The current maximum aggregate remuneration available for non-executive Directors has not changed since the last determination by Shareholders in 2006.

As set out in further detail below, the Directors consider it is reasonable and appropriate at this time to seek Shareholder approval for an increase to the maximum fee pool for non-executive Directors (for the purposes of Listing Rule 10.17) in recognition of the need to pay market competitive fees to ensure the Company is able to attract and retain non-executive Directors of the requisite calibre for the Company's Board and in recognition of Directors' increased workloads, including with regard to the Company's transition from a micro-cap exploration company to an emerging mid-cap mining company.

If Resolution 10 is passed, the maximum Directors' fees that may be paid to all of the Company's non-executive Directors in each financial year increases from \$200,000 to \$350,000 (an increase of \$150,000). The remuneration of each non-executive Director for the year ended 30 June 2020 is detailed in the Remuneration Report of the Annual Report.

The Directors take the view that based on best practice, it is appropriate to increase the maximum non-executive Director remuneration pool to provide flexibility to attract and retain non-executive directors on remuneration terms commensurate with their skills and expertise and the Company's size and stage of development.

To date, a total of 2,300,000 unlisted options have been issued to each non-executive director under ASX listing Rule 10.11, being Messrs Cornelius and Ribbons. Resolutions 5 and 6 propose to issue a further 250,000 unlisted options to each non-executive director under ASX listing Rule 10.11.

Resolution 10 is an ordinary resolution, requiring it to be passed by a simple majority of votes cast by the Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

## **10.2 Voting exclusion**

A voting exclusion statement applies to Resolution 10, as set out in the Notice.

## **10.3 Directors' recommendation**

Based on the information available, including the information contained in this Explanatory Memorandum, the Directors, acknowledging that each non-executive Director has a personal interest in their own remuneration from the Company, recommends that Shareholders vote in favour of Resolution 10.

The Chair intends to vote all available proxies in favour of Resolution 10.

## **Resolution 11 – Section 195 Approval**

### **11.1 General**

In accordance with section 195 of the Corporations Act, a director of a public company may not vote or be present during meetings of directors when matters in which that director holds a "material personal interest" are being considered.

As the terms of the Options proposed to be issued to Messrs Brown, Ribbons and Cornelius under Resolutions 4, 5 and 6 respectively are identical, the Directors may have a material personal interest in the outcome of Resolutions 4, 5 and 6.

In the absence of this Resolution 11, the Directors may not be able to form a quorum at Board meetings necessary to carry out the terms of Resolutions 4, 5 and 6.

The Directors accordingly exercise their right under section 195(4) of the Corporations Act to put the issue to Shareholders to resolve.

Resolution 11 is an ordinary resolution, requiring it to be passed by a simple majority of votes cast by the Shareholders entitled to vote on it.

### **11.2 Directors' Recommendation**

The Directors of the Company believe that Resolution 11 is in the best interests of the Company and unanimously recommend that Shareholders vote in favour of this Resolution. The Directors have formed this view as the passing of this Resolution will ensure that the Board is able to carry out the terms of Resolutions 4, 5 and 6, if those Resolutions are approved by Shareholders.

**Resolution 12 – Approval of Grant of Options****12.1 General**

The Company proposes to issue options to unrelated parties of the Company in order to reward and incentivise parties associated with the development of the Company's Butcherbird Project. Options are considered to be an appropriate incentive given the Company's current size and stage of development.

Listing Rule 7.1 prohibits a company from issuing shares representing more than 15% of its issued capital in any 12 month period, without the prior approval of its shareholders (subject to certain exceptions). Accordingly, Shareholder approval is being sought under Listing Rule 7.1 for the issue of up to 1,000,000 Options in the Company.

**12.2 Information required by Listing Rule 7.3**

The following information is provided in accordance with Listing Rule 7.3.

- (a) The maximum number of securities that will be issued is 1,000,000 Options, at an exercise price of 50 cents or 143% of the VWAP of the fully paid ordinary Shares of the Company on the five trading days prior to the date of the meeting to approve the issue (whichever is the higher), expiring on 4 November 2025.
- (b) Any Options issued in accordance with Resolution 12 will be issued and allotted within 3 months from the date of the AGM (or such later date as approved by ASX).
- (c) The Options will be issued for nil cost.
- (d) At the date of the Notice of Meeting the allottees are not known, however all options will be issued to unrelated parties of the Company.
- (e) No funds raised will be raised by the issue of Options.
- (f) The allotment will occur as a single allotment and on the terms and conditions as set out in Annexure E of this Notice.
- (g) A voting exclusion statement is included in the Notice.

**12.3 Directors' Recommendation**

All the Directors recommend that Shareholders vote in favour of Resolution 12.

**Resolution 13 – Share Placement Facility****13.1 General**

Resolution 13 seeks the approval of shareholders for a share placement facility of up to 30,000,000 ordinary fully paid shares, which the directors may utilise to raise additional working capital for the Company to continue the development of the Company's 100% owned Butcherbird Project.

The Directors believe that it is prudent for the Company to have a share placement facility available so that additional equity funds can be raised if considered necessary. If not utilised, the facility would lapse 3 months after the date of the meeting.

ASX Listing Rule 7.1 prohibits a company from issuing shares representing more than 15% of its issued capital in any 12 month period, without the prior approval of its shareholders (subject to certain exceptions). Accordingly, shareholder approval is being sought under Listing Rule 7.1 for the issue of up to 30,000,000 shares in the Company.

**13.2 Information required by Listing Rule 7.3**

- (a) the maximum number of securities that may be issued under Resolution 13 is 30,000,000 fully paid shares;
- (b) any shares issued in accordance with Resolution 13 will be issued and allotted within 3 months from the date of the general meeting (or such later date as approved by ASX);
- (c) the shares will be issued at a price which is not less than 80% of the average market price of the Company's shares, calculated over the 5 days on which sales in the Company's shares were recorded on ASX before the day on which the issue is made;
- (d) as at the date of this Notice of Meeting there has been no decision by the Directors to issue any shares. Accordingly, the names of any allottees or proposed allottees are not known, however any issue will be restricted to sophisticated and professional investors. No shares will be issued to Directors or other related parties;
- (e) any shares issued pursuant to Resolution 13 will rank equally in all respects with existing ordinary fully paid shares on issue in the Company;

**ELEMENT 25 LIMITED**

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- (f) funds raised by the issue of any shares will be used as additional working capital and to allow the Company to accelerate the development of its 100% owned Butcherbird Project by allowing progress and final payments of long lead time items, initiation of civil works and other activities associated with the development of the project;
- (g) to continue the development of the Company's 100% owned Butcherbird Project; and
- (h) it is not known whether any allotments will occur as a single allotment or will occur progressively. However, it would be likely that any issue of shares will be made as a single allotment.

**13.3 Directors' Recommendation**

All the Directors recommend that Shareholders vote in favour of Resolution 13.

**OTHER BUSINESS**

The Company is not aware of any other business to come before the Meeting other than as set forth in the accompanying Notice.

## GLOSSARY

In this Explanatory Memorandum and the Notice, the following terms have the following meanings unless the context otherwise requires:

<b>AGM</b>	means an Annual General Meeting.
<b>Annual Report</b>	means the Directors' report, the annual financial report and auditor's report in respect of the financial year ended 30 June 2020.
<b>Associate</b>	has the same meaning as defined in Section 11 and Sections 13 to 17 of the Corporations Act.
<b>ASX</b>	means ASX Ltd ABN 98 008 624 691 and, where the context requires, the Australian Securities Exchange operated by ASX Ltd.
<b>Board</b>	means the board of Directors of the Company.
<b>Closely Related Party</b>	has the same meaning as defined in Section 9 of the Corporations Act.
<b>Company</b>	means Element 25 Limited ACN 119 711 929.
<b>Corporations Act</b>	means Corporations Act 2001 (Cth).
<b>Director</b>	means a director of the Company.
<b>Explanatory Memorandum</b>	means this information attached to the Notice, which provides information to Shareholders about the Resolutions contained in the Notice.
<b>Listing Rules</b>	means the listing rules of ASX.
<b>Notice or Notice of Meeting</b>	means the Notice of Annual General Meeting accompanying this Explanatory Memorandum.
<b>Proxy Form</b>	means the proxy form attached to this Notice.
<b>Remuneration Report</b>	means the remuneration report of the Company included in the Annual Report.
<b>Resolution</b>	means a resolution contained in the Notice.
<b>Share</b>	means a fully paid ordinary share in the capital of the Company.
<b>Shareholder</b>	means the holder of a share.

**ANNEXURE A**

**TERMS AND CONDITIONS  
OPTIONS EXPIRING 4 NOVEMBER 2025**

The Options will be issued on the following terms:

1. Each Option shall be issued for no consideration.
2. The exercise price of each Option will be the greater of 50 cents per share or 143% of the VWAP of the fully paid ordinary shares of the Company on the five days prior to the date of meeting ("**Exercise Price**").
3. Each Option entitles the holder to subscribe for one Share in Element 25 Limited ABN 46 119 711 929 ("**Company**") upon the payment of the Exercise Price per Share subscribed for.
4. The Options will lapse at 5:00 pm, Western Standard Time on 4 November 2025 ("**Expiry Date**").
5. The Options may be transferred at any time in accordance with the Corporations Law, the SCH Business Rules and/or the Listing Rules.
6. There are no participating rights or entitlements inherent in these Options and holders of the Options will not be entitled to participate in new issues of capital that may be offered to shareholders during the currency of the Option.
7. Option holders have the right to exercise their Options prior to the date of determining entitlements to any capital issues to the then existing shareholders of the Company made during the currency of the Options, and will be granted a period of at least 10 business days before closing date to exercise the Options.
8. In the event the Company proceeds with a pro rata issue (except a bonus issue) of securities to the holders of Shares after the date of issue of the Options, the exercise price of the Options will be adjusted in accordance with the formula set out in ASX Listing Rule 6.22.2.
9. In the event of any re-organisation (including reconstruction, consolidation, subdivision, reduction or return of capital) of the issued capital of the Company, the Options will be re-organised as required by the Listing Rules, but in all other respects the terms of exercise will remain unchanged.
10. The Options shall be exercisable at any time until the Expiry Date ("**Exercise Period**") by the delivery to the registered office of the Company of a notice in writing ("**Notice**") stating the intention of the Option holder to exercise all or a specified number of Options held by them accompanied by an Option certificate and a cheque made payable to the Company for the subscription monies for the Shares. The Notice and cheque must be received by the Company during the Exercise Period. An exercise of only some Options shall not affect the rights of the Option holder to the balance of the Options held by it.
11. The Company shall allot the resultant Shares and deliver a statement of shareholdings with a holders' identification number within 10 business days of exercise of the Options.
12. The Shares allotted shall rank, from the date of allotment, equally with the existing ordinary shares of the Company in all respects.

**ANNEXURE B**

**TERMS AND CONDITIONS  
OPTIONS EXPIRING 1 APRIL 2025**

The Options will be issued on the following terms:

1. Each Option shall be issued for no consideration.
2. The exercise price of each Option will be 20 cents ("**Exercise Price**").
3. Subject to (4) and (5) below, each Option entitles the holder to subscribe for one Share in Element 25 Limited ABN 46 119 711 929 ("**Company**") upon the payment of the Exercise Price per Share subscribed for.
4. The Options will vest if the Contractor serves out the initial six month term of the Agreement.
5. The Options will lapse if the Agreement is terminated prior to six months from Commencement or at 5:00 pm, Western Standard Time on 1 April 2025 ("**Expiry Date**").
6. The Options are not transferable.
7. There are no participating rights or entitlements inherent in these Options and holders of the Options will not be entitled to participate in new issues of capital that may be offered to shareholders during the currency of the Option.
8. Option holders have the right to exercise their Options prior to the date of determining entitlements to any capital issues to the then existing shareholders of the Company made during the currency of the Options, and will be granted a period of at least 10 business days before closing date to exercise the Options.
9. In the event the Company proceeds with a pro rata issue (except a bonus issue) of securities to the holders of Shares after the date of issue of the Options, the exercise price of the Options will be adjusted in accordance with the formula set out in ASX Listing Rule 6.22.2.
10. In the event of any re-organisation (including reconstruction, consolidation, subdivision, reduction or return of capital) of the issued capital of the Company, the Options will be re-organised as required by the Listing Rules, but in all other respects the terms of exercise will remain unchanged.
11. The Options shall be exercisable at any time until the Expiry Date ("**Exercise Period**") by the delivery to the registered office of the Company of a notice in writing ("**Notice**") stating the intention of the Option holder to exercise all or a specified number of Options held by them accompanied by an Option certificate and a cheque made payable to the Company for the subscription monies for the Shares. The Notice and cheque must be received by the Company during the Exercise Period. An exercise of only some Options shall not affect the rights of the Option holder to the balance of the Options held by it.
12. The Company shall allot the resultant Shares and deliver a statement of shareholdings with a holders' identification number within 5 business days of exercise of the Options.
13. The Shares allotted shall rank, from the date of allotment, equally with the existing ordinary shares of the Company in all respects.
14. The Options are issued in accordance with a deferred taxation scheme as defined by the Australian Taxation Office.
15. The Options are granted under an arrangement to which Subdivision 83A-C of the Income Tax Assessment Act 1997 applies.

ANNEXURE C

TERMS AND CONDITIONS  
OPTIONS EXPIRING 22 FEBRUARY 2024

The Options will be issued on the following terms:

1. Each Option shall be issued for no consideration.
2. The exercise price of each Option will be 26 cents ("**Exercise Price**").
3. Each Option entitles the holder to subscribe for one Share in Element 25 Limited ABN 46 119 711 929 ("**Company**") upon the payment of the Exercise Price per Share subscribed for.
4. The Options will lapse at 5:00 pm, Western Standard Time on 22 February 2024 ("**Expiry Date**").
5. The Options may be transferred at any time in accordance with the Corporations Law, the SCH Business Rules and/or the Listing Rules.
6. There are no participating rights or entitlements inherent in these Options and holders of the Options will not be entitled to participate in new issues of capital that may be offered to shareholders during the currency of the Option.
7. Option holders have the right to exercise their Options prior to the date of determining entitlements to any capital issues to the then existing shareholders of the Company made during the currency of the Options, and will be granted a period of at least 10 business days before closing date to exercise the Options.
8. In the event the Company proceeds with a pro rata issue (except a bonus issue) of securities to the holders of Shares after the date of issue of the Options, the exercise price of the Options will be adjusted in accordance with the formula set out in ASX Listing Rule 6.22.2.
9. In the event of any re-organisation (including reconstruction, consolidation, subdivision, reduction or return of capital) of the issued capital of the Company, the Options will be re-organised as required by the Listing Rules, but in all other respects the terms of exercise will remain unchanged.
10. The Options shall be exercisable at any time until the Expiry Date ("**Exercise Period**") by the delivery to the registered office of the Company of a notice in writing ("**Notice**") stating the intention of the Option holder to exercise all or a specified number of Options held by them accompanied by an Option certificate and a cheque made payable to the Company for the subscription monies for the Shares. The Notice and cheque must be received by the Company during the Exercise Period. An exercise of only some Options shall not affect the rights of the Option holder to the balance of the Options held by it.
11. The Company shall allot the resultant Shares and deliver a statement of shareholdings with a holders' identification number within 5 business days of exercise of the Options.
12. The Shares allotted shall rank, from the date of allotment, equally with the existing ordinary shares of the Company in all respects.

**ANNEXURE D**

**TERMS AND CONDITIONS  
OPTIONS EXPIRING 1 APRIL 2025**

The Options will be issued on the following terms:

1. Each Option shall be issued for no consideration.
2. The exercise price of each Option will be 50 cents ("**Exercise Price**").
3. Subject to (4) and (5) below, each Option entitles the holder to subscribe for one Share in Element 25 Limited ABN 46 119 711 929 ("**Company**") upon the payment of the Exercise Price per Share subscribed for.
4. The Options will vest on 31 December 2020.
5. The Options will lapse if the consultancy agreement is terminated before 31 December 2020.
6. The Options will lapse at 5:00 pm, Western Standard Time on 25 June 2025 ("**Expiry Date**").
7. The Options are not transferable.
8. There are no participating rights or entitlements inherent in these Options and holders of the Options will not be entitled to participate in new issues of capital that may be offered to shareholders during the currency of the Option.
9. Option holders have the right to exercise their Options prior to the date of determining entitlements to any capital issues to the then existing shareholders of the Company made during the currency of the Options, and will be granted a period of at least 10 business days before closing date to exercise the Options.
10. In the event the Company proceeds with a pro rata issue (except a bonus issue) of securities to the holders of Shares after the date of issue of the Options, the exercise price of the Options will be adjusted in accordance with the formula set out in ASX Listing Rule 6.22.2.
11. In the event of any re-organisation (including reconstruction, consolidation, subdivision, reduction or return of capital) of the issued capital of the Company, the Options will be re-organised as required by the Listing Rules, but in all other respects the terms of exercise will remain unchanged.
12. The Options shall be exercisable at any time until the Expiry Date ("**Exercise Period**") by the delivery to the registered office of the Company of a notice in writing ("**Notice**") stating the intention of the Option holder to exercise all or a specified number of Options held by them accompanied by an Option certificate and a cheque made payable to the Company for the subscription monies for the Shares. The Notice and cheque must be received by the Company during the Exercise Period. An exercise of only some Options shall not affect the rights of the Option holder to the balance of the Options held by it.
13. The Company shall allot the resultant Shares and deliver a statement of shareholdings with a holders' identification number within 5 business days of exercise of the Options.
14. The Shares allotted shall rank, from the date of allotment, equally with the existing ordinary shares of the Company in all respects.
15. The Options are issued in accordance with a deferred taxation scheme as defined by the Australian Taxation Office.
16. The Options are granted under an arrangement to which Subdivision 83A-C of the Income Tax Assessment Act 1997 applies.



**ANNEXURE E**

**TERMS AND CONDITIONS  
OPTIONS EXPIRING 4 NOVEMBER 2025**

The Options will be issued on the following terms:

1. Each Option shall be issued for no consideration.
2. The exercise price of each Option will be the greater of 50 cents per share or 143% of the VWAP of the fully paid ordinary shares of the Company on the five days prior to the date of meeting ("**Exercise Price**").
3. Each Option entitles the holder to subscribe for one Share in Element 25 Limited ABN 46 119 711 929 ("**Company**") upon the payment of the Exercise Price per Share subscribed for.
4. The Options will lapse at 5:00 pm, Western Standard Time on 4 November 2025 ("**Expiry Date**").
5. The Options are not transferable.
6. There are no participating rights or entitlements inherent in these Options and holders of the Options will not be entitled to participate in new issues of capital that may be offered to shareholders during the currency of the Option.
7. Option holders have the right to exercise their Options prior to the date of determining entitlements to any capital issues to the then existing shareholders of the Company made during the currency of the Options, and will be granted a period of at least 10 business days before closing date to exercise the Options.
8. In the event the Company proceeds with a pro rata issue (except a bonus issue) of securities to the holders of Shares after the date of issue of the Options, the exercise price of the Options will be adjusted in accordance with the formula set out in ASX Listing Rule 6.22.2.
9. In the event of any re-organisation (including reconstruction, consolidation, subdivision, reduction or return of capital) of the issued capital of the Company, the Options will be re-organised as required by the Listing Rules, but in all other respects the terms of exercise will remain unchanged.
10. The Options shall be exercisable at any time until the Expiry Date ("**Exercise Period**") by the delivery to the registered office of the Company of a notice in writing ("**Notice**") stating the intention of the Option holder to exercise all or a specified number of Options held by them accompanied by an Option certificate and a cheque made payable to the Company for the subscription monies for the Shares. The Notice and cheque must be received by the Company during the Exercise Period. An exercise of only some Options shall not affect the rights of the Option holder to the balance of the Options held by it.
11. The Company shall allot the resultant Shares and deliver a statement of shareholdings with a holders' identification number within 10 business days of exercise of the Options.
12. The Shares allotted shall rank, from the date of allotment, equally with the existing ordinary shares of the Company in all respects.
13. The Options are issued in accordance with a deferred taxation scheme as defined by the Australian Taxation Office.
14. The Options are granted under an arrangement to which Subdivision 83A-C of the Income Tax Assessment Act 1997 applies.

Holder Number:

## Vote by Proxy: E25

Your proxy voting instruction must be received by **9.00am (WST) on Monday, 2 November 2020**, being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

### SUBMIT YOUR PROXY VOTE ONLINE

#### Vote online at <https://investor.automic.com.au/#/loginsah>

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

- ✓ **Save Money:** help minimise unnecessary print and mail costs for the Company.
- ✓ **It's Quick and Secure:** provides you with greater privacy, eliminates any postal delays and the risk of potentially getting lost in transit.
- ✓ **Receive Vote Confirmation:** instant confirmation that your vote has been processed. It also allows you to amend your vote if required.



### SUBMIT YOUR PROXY VOTE BY PAPER

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

#### YOUR NAME AND ADDRESS

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

#### VOTING UNDER STEP 1 - APPOINTING A PROXY

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

#### DEFAULT TO THE CHAIRMAN OF THE MEETING

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

#### VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

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

#### APPOINTMENT OF SECOND PROXY

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

#### SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided

- Individual:** Where the holding is in one name, the Shareholder must sign.
- Joint holding:** Where the holding is in more than one name, all of the Shareholders should sign.
- Power of attorney:** If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Voting Form when you return it.

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

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

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

#### CORPORATE REPRESENTATIVES

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

#### ATTENDING THE MEETING

Completion of a Proxy Voting Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Voting Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.

#### POWER OF ATTORNEY

If a representative as power of attorney of a Shareholder of the Company is to attend the Meeting, a certified copy of the Power of Attorney, or the original Power of Attorney, must be received by the Company in the same manner, and by the same time as outlined for proxy forms.



