

# ARCHER MATERIALS LIMITED

ACN 123 993 233

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## NOTICE OF ANNUAL GENERAL MEETING - 2020

### EXPLANATORY MEMORANDUM

### PROXY FORM

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**Date of Meeting:**

Monday, 30 November 2020

**Time of Meeting:**

10.00 am (Sydney time)

**Place of Meeting:**

Meeting to be held virtually

## Notice of Annual General Meeting – 2020

Notice is hereby given that the 2020 Annual General Meeting of Archer Materials Limited (the **Company**) will be held as a virtual meeting on Monday, 30 November 2020 at 10:00am (Sydney time). Online registration will commence at 9:30am.

Due to the continuing developments in relation to coronavirus (COVID-19), we are making some changes to our approach this year, with the health and safety of our Shareholders and employees being of paramount importance. In light of the current government restrictions on large gatherings, it is not feasible or advisable for Shareholders to physically attend this year's AGM.

Accordingly, we have adopted measures to allow Shareholders to participate in the AGM online this year. Specifically, the AGM will be made accessible to Shareholders via a live webcast as well as an online platform which will include the facility for Shareholders to ask questions in relation to the business of the meeting and to vote in real time at the meeting. These processes are set out in this Notice.

The Directors of Archer encourage Shareholders to participate in the meeting via the online platform. Shareholders who are unable to participate in the online AGM or choose not to attend the meeting are encouraged to appoint a proxy ahead of the meeting to cast their vote at the meeting. If you wish to appoint a proxy, please lodge your proxy online at [www.investorvote.com.au](http://www.investorvote.com.au).

This notice of meeting (which includes the following agenda, information for Shareholders and explanatory memorandum) details the formal business to be dealt with at the AGM.

Briefly, the formal business of the meeting will be to:

1. receive and consider the Financial Report, the Directors' Report and the Auditor's Report for the financial year ended 30 June 2020;
2. adopt the 2020 remuneration report;
3. elect Mr Kenneth Williams as a non-executive director of the company;
4. ratify the prior issue of SPP Shares under ASX Listing Rule 7.1A
5. approve the issue of Incentive Options to Mr Kenneth Williams, a non-executive director; and
6. Approval of 10% additional placement capacity
7. adoption of a new constitution.

The Directors recommend that Shareholders vote in favour of all resolutions.

### How to participate in the AGM online

Shareholders can participate in the AGM and watch the webcast online using one of the following methods:

- (a) from their computer, by entering the URL in their browser: <https://web.lumiagm.com/303129919>; or
- (b) from their mobile device, by entering the URL in their browser: <https://web.lumiagm.com/303129919>;

The online platform will allow Shareholders, proxyholders, attorneys and authorised representatives to view the meeting, vote and ask questions in real-time.

Further information on how to participate in the meeting is provided in the notice of meeting, and in the Virtual AGM Online Guide, which can be accessed at [www.computershare.com.au/virtualmeetingguide](http://www.computershare.com.au/virtualmeetingguide).

### How to submit your vote in advance of the meeting

Proxy votes must be received by 10.00am (Sydney time) on Saturday, 28 November 2020 to be valid for the meeting.

Instructions on how to appoint a proxy are on the online voting website, [www.investorvote.com.au](http://www.investorvote.com.au).

Your proxy may be appointed in a variety of ways described on page 3 of this Notice under 'Appointment of proxies and corporate representatives'.

With Government guidance continually being updated, Archer is closely monitoring the developments relating to COVID-19. Shareholders are encouraged to check Archer's website at [www.archerx.com.au](http://www.archerx.com.au) and the ASX for updates in relation to the AGM.

# Notice of Annual General Meeting – 2020

## AGENDA

### General Business

#### Financial Statements and Report

To receive and consider the Financial Report, the Directors' Report and the Auditor's Report for the financial year ended 30 June 2020.

#### Ordinary Resolutions

##### 1. Adoption of Remuneration Report

To consider, and if thought fit, to pass the following non-binding Ordinary Resolution:

*'That the Remuneration Report for the year ended 30 June 2020 be adopted'*

##### 2. Election of Kenneth Graham Williams as a Director

To consider, and if thought fit, to pass the following as an Ordinary Resolution:

*'That Kenneth Graham Williams be elected as a Non-Executive Director of the Company.'*

##### 3. Ratification of prior issue of SPP Shares under ASX Listing Rule 7.1A

To consider, and if thought fit, to pass the following Ordinary Resolution:

*'To ratify the issue of 10,605,250 SPP Shares, on the terms and conditions as set out in the Explanatory Memorandum.'*

##### 4. Approval to issue Incentive Options to Director Kenneth Williams

To consider, and if thought fit, to pass the following Ordinary Resolution:

*'To approve the grant of 1,500,000 Incentive Options to Kenneth Williams, a Director of the Company, or his nominee, as described in the Explanatory Memorandum.'*

#### Special Resolutions

##### 5. Approval of 10% additional placement capacity

To consider, and if thought fit, to pass the following Special Resolution:

*'That, for the purpose of Listing Rule 7.1A, approval is given for the Company to issue Equity Securities totaling 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 described in the Explanatory Memorandum.'*

##### 6. Adoption of New Constitution

To consider, and if thought fit, to pass the following Special Resolution:

*'That, for the purposes of section 136 of the Corporations Act and for all other purposes, the constitution of the Company be repealed and replaced with a constitution in the form of the document tabled at this Meeting and signed by the Chair for the purposes of identification, effective immediately.'*

#### Chairman's voting intention

The Chairman intends to vote undirected proxies on, and in favour of, all the proposed resolutions. If there is a change to how the Chairman intends to vote undirected proxies, then the Company will make an announcement to the market.

By order of the Board



Damien Connor  
Company Secretary  
27 October 2020

# Notice of Annual General Meeting – 2020

## INFORMATION FOR SHAREHOLDERS

### Participating in the meeting – online registration

You will be able to attend and participate in the Annual General Meeting online using your computer, your mobile phone or device. You can participate in the Meeting:

- by entering this link in your browser: <https://web.lumiagm.com/303129919>;

Further information about how to log in to the Lumi online platform, to register for the Annual General Meeting, and to participate in the Annual General Meeting as a Shareholder, proxyholder, attorney or authorised representative is available in the Virtual AGM Online Guide, which can be accessed at [www.computershare.com.au/virtualmeetingguide](http://www.computershare.com.au/virtualmeetingguide)

### Voting

For the purposes of the meeting, shares will be taken to be held by the persons who are registered as Shareholders as at 7.00pm (Sydney time) on Saturday, 28 November 2020. Accordingly, transactions registered after that time will be disregarded in determining Shareholders entitled to vote at the meeting.

Voting on all items of business will be conducted on a poll. You may vote at the Annual General Meeting in one of two ways:

- live and online during the meeting using the Lumi online platform; or
- in advance of the meeting, by appointing a proxy and directing your proxy how to vote online at [www.investorvote.com.au](http://www.investorvote.com.au) by 10:00am (Sydney time) on Saturday, 28 November 2020.

### Appointment of proxies and corporate representatives

A Shareholder entitled to attend and vote is entitled to appoint up to two proxies. A proxy need not be a Shareholder and may be either an individual or a body corporate.

If a Shareholder is a corporation, it can attend and vote at the meeting by appointing an individual person to act as its corporate representative or by appointing a proxy to attend and vote on its behalf. A Shareholder that is a body corporate, or a proxy who is a body corporate, will need to ensure that it appoints an individual as its corporate representative to exercise its powers at the meeting and provides satisfactory evidence of the appointment of its corporate representative prior to commencement of the meeting.

Where a Shareholder wishes to appoint two proxies, they can do so online at [www.investorvote.com.au](http://www.investorvote.com.au). A Shareholder appointing two proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a Shareholder appoints two proxies but fails to specify the proportion or number of votes that each may exercise, each proxy appointed may exercise half the Shareholder's votes. Fractions of votes are to be disregarded. If your proxy chooses to vote, they must vote in accordance with your directions. If you have directed your proxy to vote, and they do not participate in the meeting or choose not to vote on a poll, then the Chairman of the meeting will become your proxy by default and vote your proxies as directed by you (subject to applicable voting restrictions).

Subject to the voting restrictions set out below, if you do not direct your proxy to vote by marking the relevant box on the proxy form, your proxy may vote as they choose on that item of business.

If your proxy does not participate in the meeting, the Chairman will become your proxy by default. The Chairman intends to vote all available proxies in accordance with the Board recommendations set out in the Explanatory Notes accompanying this Notice of Annual General Meeting.

Generally, the key management personnel (KMP) of the Company (which includes each of the Directors) and their Closely Related Parties will not be able to vote your proxy on Resolutions 1 and 4 unless you have directed them how to vote or you have appointed the Chairman as your proxy. The circumstances in which KMP will be excluded from voting on Resolutions 1 and 4 are set out below under the heading 'Voting Exclusions'.

Generally, Director Kenneth Williams and his associates will not be able to vote your proxy in favour of Resolution 4 unless you have directed them how to vote or you have appointed the Chairman as your proxy. The circumstances in which Kenneth Williams and his associates will be excluded from voting in favour of Resolution 4 are set out below under the heading 'Voting Exclusions'.

If you intend to appoint a member of the KMP as your proxy, please ensure that you direct them how to vote on Resolution 1 and 4. If you intend to appoint the Chairman of the meeting as your proxy, you can direct him how to vote on Resolutions 1 and 4 by marking the relevant boxes on the proxy form. However, if the Chairman of the meeting is your proxy (or becomes your proxy by default) and you do not mark any of the boxes opposite Resolutions 1 and 4, by completing and submitting the proxy form you will be deemed to have expressly authorised the Chairman to vote as he decides.

To be valid, the proxy form, and any authority under which the form is signed, must be received by the Company or the Company's Share Registry prior to 10.00am (Sydney time) on Saturday, 28 November 2020.

## Notice of Annual General Meeting – 2020

### Voting by Attorney

A Shareholder entitled to attend and vote may appoint an attorney to act on his or her behalf at the meeting. An attorney may, but need not, be a Shareholder of the Company.

An attorney may not vote at the meeting unless the instrument appointing the attorney, and the authority under which the instrument is signed or a certified copy of the authority, are received by the Company in the same manner, and by the same time, as outlined above for proxy forms.

### Proxy Lodgement

Proxies are able to be lodged by the following means:

**Online:** Enter the control number, SRN/HIN and postcode shown on the first page of the proxy form at [www.investorvote.com.au](http://www.investorvote.com.au)

**Mail:** Archer Materials Limited C/- Computershare Investor Services Pty Limited GPO Box 242 Melbourne VIC 3001 Australia; or

**Fax:** Archer Materials Limited C/- Computershare Investor Services Pty Limited (within Australia) 1800 783 447 (outside Australia) +613 9473 2555.

Custodian Voting is available for Intermediary Online subscribers only (custodians), cast the Shareholder's vote online by visiting [www.intermediaryonline.com](http://www.intermediaryonline.com) to submit your voting intentions.

To be valid, the proxy form, and any authority under which the form is signed, must be received by the Company or the Company's Share Registry prior to 10.00am (Sydney time) on Saturday, 28 November 2020.

Any Proxy Forms received after that time will not be valid for the Meeting.

### Questions from Shareholders

Archer welcomes your feedback. All Shareholders will have a reasonable opportunity to ask questions on the items of business during the meeting via the Lumi online platform, including an opportunity to ask questions of the Company's Auditor, Grant Thornton.

You may submit written questions ahead of the AGM relating to the business of the meeting, including questions for the Company's Auditor, Grant Thornton. Questions for the Company's Auditor must relate to the content of the Auditor's report or the conduct of the audit of the Financial report.

Written questions must be received by the Company no later than 5.00pm (Sydney time) on Monday, 23 November 2020.

You can send any written questions to:

Mail: to 'Archer Materials Limited AGM' at Ground Floor, 28 Greenhill Road, Wayville, SA, 5050

Email: [hello@archerx.com.au](mailto:hello@archerx.com.au)

The Chairman will endeavour to address as many of the more frequently raised relevant questions as possible during the course of the meeting. However, there may not be sufficient time available at the meeting to address all of the questions raised. Please note that individual responses will not be sent to Shareholders.

### Technical difficulties

Technical difficulties may arise during the course of the Meeting. The chairperson has discretion as to whether and how the Meeting should proceed in the event that a technical difficulty arises. In exercising this discretion, the chairperson will have regard to the number of Shareholders impacted and the extent to which participation in the business of the Meeting is affected.

Where the chairperson considers it appropriate, the chairperson may continue to hold the Meeting and transact business, including conducting a poll and voting in accordance with valid proxy instructions. For this reason, Shareholders are encouraged to lodge a proxy in accordance with the instructions provided even if they plan to attend online.

### Other Company documents and how to update your communication preference

- A copy of the Company's 2020 Annual Report is available online at the Company's website [www.archerx.com.au](http://www.archerx.com.au).
- In order to receive all shareholder information electronically, instead of by post, go to [www.investorcentre.com](http://www.investorcentre.com) to register your details and update your communication preferences.

## Notice of Annual General Meeting – 2020

### VOTING EXCLUSIONS

#### Resolution 1 (Remuneration Report)

A vote must not be cast (in any capacity) on Resolution 1 by, or on behalf of:

- a) a member or a former member of the Key Management Personnel, details of whose remuneration are included in the 2020 Remuneration Report; or
- b) a Closely Related Party of such a member, unless the vote is cast by a person as proxy for a person entitled to vote in accordance with a direction on the proxy form.

However, a person described above may cast a vote on Resolution 1 as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the proxy appointment is in writing that specifies the way the proxy is to vote on the resolution; or
- (b) the vote is cast by the Chair of the Meeting and the appointment of the Chair as proxy:
  - (i) does not specify the way the proxy is to vote on the resolution; and
  - (ii) expressly authorises the Chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the KMP.

#### Resolution 3 (Ratification of prior issue of SPP Shares under ASX Listing Rule 7.1A)

The Company will disregard any votes cast in favour of Resolution 3 by or on behalf of any person who participated in the issue of SPP Shares and any associates of such person. However, the Company need not disregard a vote if:

- a) 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
- b) 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; or
- c) by a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - 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 item; and
  - the holder votes on the item in accordance with directions given by the beneficiary to the holder to vote in that way.

#### Resolution 4 (Approval to issue Incentive Options to Director Kenneth Williams)

In accordance with the ASX Listing Rules, the Company will disregard any votes cast in favour of Resolution 4 by Kenneth Williams, and his respective associates. However, the Company need not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with the directions given to the proxy or attorney to vote on the resolution in that way; or
- (b) it is cast by the Chair as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the Chair to vote on the resolution as the Chair decides; or
- (c) a Shareholder acting solely in a nominee, trustee, custodial, or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the Shareholder that the beneficiary is not an Excluded Person, and is not an associate of an Excluded Person, that is excluded from voting, on the resolution; and
  - (ii) the Shareholder votes on the resolution in accordance with directions given by the beneficiary to the Shareholder to vote in that way.

Pursuant to section 250BD of the Corporations Act, a vote must not be cast as proxy by, or on behalf of, a member of the Key Management Personnel, or closely related parties of such member (each, an **Excluded Person**).

However, the Excluded Person may cast a vote on Resolution 4 if:

- (a) the vote is not cast on behalf of another Excluded Person and they have been appointed as proxy by writing that specifies the way the proxy is to vote on the Resolution; or
- (b) the Excluded Person is the Chair and the appointment of the Chair does not specify the way the proxy is to vote on the Resolution, and expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

## Notice of Annual General Meeting – 2020

### Resolution 5 (10% Additional Placement Capacity)

The Company will disregard any votes cast in favour of Resolution 5 by or on behalf of any person who may participate in the proposed issue, or who might obtain a benefit (other than a benefit solely in the capacity of a holder of Shares) if Resolution is passed, and any associates of such person. However, the Company need not disregard a vote if:

- a) 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
- b) 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.
- c) by a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - 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 item; and
  - the holder votes on the item in accordance with directions given by the beneficiary to the holder to vote in that way.

As at the date of this Notice of Meeting the Company has no specific plans to issue Equity Securities pursuant to ASX Listing Rule 7.1A or under Resolution 5 (if approved), therefore it is not known who (if any) may participate in a potential (if any) issue of Equity Securities under ASX Listing Rule 7.1A (if approved).

## **Explanatory Memorandum**

### **Financial Statements and Report**

As required by Section 317 of the Corporations Act, the Financial Report, Directors' Report and the Auditor's Report for the most recent financial year will be laid before the Meeting.

This Item does not require a formal resolution to be put to the Meeting and there is no requirement for Shareholders to approve these reports.

During this item of business, Shareholders will be given reasonable opportunity to ask questions about the reports and the business and management of the Company. Also, Shareholders will be given a reasonable opportunity to ask a representative of the Company's Auditor, Grant Thornton, questions in relation to the conduct of the audit (including the independence of the Auditor), and the accounting policies adopted by the Company.

### **Resolution 1 – Adoption of Remuneration Report**

Shareholders are asked to adopt the Company's Remuneration Report contained in the Directors' Report set out in pages 28 to 41 of the Company's 2020 Annual Report and is also available on the Company's website at [www.archerx.com.au](http://www.archerx.com.au)

The report outlines the Company's executive remuneration framework and the remuneration outcomes for the Company Board, CEO and Key Management Personnel.

The Chairman will allow a reasonable opportunity for Shareholders to ask questions about the remuneration report at the meeting before calling for a vote.

The Shareholder vote on the Remuneration Report is advisory only and does not bind the Directors or the Company. The Board will consider and take into account the outcome of the vote and feedback from Shareholders on the remuneration report when reviewing the Company's remuneration policies.

#### **Board Recommendation**

The non-executive directors unanimously recommend that Shareholders vote in favour of this Resolution.

### **Resolution 2 - Election of Kenneth Williams as a Director**

Kenneth Williams was appointed as a Non-Executive Director of the Company by the Board on 25 September 2020 and was also appointed as member of the Company's Audit & Risk Management Committee. Kenneth Williams offers himself for election at the first Annual General Meeting since his appointment, in accordance with Listing Rule 14.4 and clause 2.4 of the Company's Constitution.

Kenneth holds a Masters of Applied Finance, a Bachelor of Economics with Honours and was the recipient of a Mitsui Education Foundation Scholarship (Japan) and an Australian Commonwealth Treasury Scholarship.

Kenneth is currently the Independent Chairman of Statewide Super, a South Australian based industry super fund with over \$10 billion in funds under management. He is also a member of Statewide Super's Investment Committee and Remuneration & Nomination Committee.

Kenneth, who is based in Adelaide, has over 30 years' experience in corporate finance and has held senior executive, director, and Chair positions with leading ASX companies. His extensive experience in corporate finance includes diverse experience in mergers, acquisitions, divestments and corporate reconstructions. Prior roles include Chair of AWE Limited, Chair of Havilah Resources Limited, Director of Queensland Cotton Limited, and Senior Finance Executive roles with Newmont Corporation, Normandy Mining, and Qantas.

The Board (with Kenneth Williams abstaining) considers Ken to be an independent director.

#### **Board Recommendation**

The Board (with Kenneth Williams abstaining) unanimously recommends that Shareholders vote in favour of this Resolution.

# Explanatory Memorandum

## Resolution 3 - Ratification of prior issue of SPP Shares under ASX Listing Rule 7.1A

### Background

On 1 June 2020, the Company offered eligible Shareholders the opportunity to participate in the Company's Share Purchase Plan (**2020 SPP**) to purchase up to a maximum of \$30,000 of shares at an issue price of \$0.60 per Share. On 30 June 2020, the Company issued 10,605,250 new shares under the 2020 SPP (**SPP Shares**) raising \$6,363,000.

ASX Listing Rule 7.2 exception 5 permits Shares to be issued under an SPP without requiring Shareholder approval, provided certain conditions are met. However, ASX Listing Rule 7.2 exception 5 is only available once in a 12-month period. The Company completed two share purchase plans within a 12 month period, being a SPP in November 2019 and the 2020 SPP, therefore the SPP Shares (subject of this Resolution 3) were issued using the Company's 10% placement capacity under ASX Listing Rule 7.1A.

### ASX Listing Rules and Reasons for Seeking Shareholder Approval

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of Equity Securities that a listed company can issue without the approval of Shareholders over any 12 month period to 15% of the fully paid Shares it had on issue at the start of that period.

Under Listing Rule 7.1A, however, an eligible entity can seek approval from its members, by way of a special resolution passed at its annual general meeting, to increase the 15% limit under Listing Rule 7.1 by an extra 10% to 25% (**Listing Rule 7.1A Mandate**). Shareholders approved this additional capacity at the Company's last annual general meeting on 30 October 2019.

Listing Rule 7.4 allows the Shareholders of a listed company to approve an issue of Equity Securities after it has been made or agreed to be made under Listing Rule 7.1A. If they do, the issue is taken to have been approved under Listing Rule 7.1A and so does not reduce the company's capacity to issue further Equity Securities without Shareholder approval under that rule.

The issue of the 10,605,250 SPP Shares does not fall within any of the exceptions in Listing Rule 7.2 and, as it has not yet been approved by Shareholders, it effectively uses up part of the 10% limit under Listing Rule 7.1A, reducing the Company's capacity to issue further Equity Securities without Shareholder approval under Listing Rule 7.1A for the period ending on the earliest of:

- the date that is 12 months after the Company's last annual general meeting at which the Listing Rule 7.1A Mandate was approved;
- the time and date of the Company's next annual general meeting; and
- the time and date on which Shareholders approve a transaction under Listing Rule 11.1.2 (for a significant change to the nature or scale of the Company's activities) or Listing Rule 11.2 (for the disposal of the Company's main undertaking),

#### (Listing Rule 7.1A Mandate Expiry Date).

The Company wishes to retain as much flexibility as possible to issue additional Equity Securities into the future without having to obtain Shareholder approval for such issues under Listing Rule 7.1A.

To this end, Resolution 3 seeks Shareholder approval pursuant to Listing Rule 7.4 for the ratification of the issue and allotment of 10,605,250 SPP Shares, which were issued pursuant to the Company's 10% capacity under Listing Rule 7.1A.

If Resolution 3 is passed, the issue of the 10,605,250 SPP Shares will be excluded in calculating the Company's additional 10% limit in Listing Rule 7.1A, effectively increasing the number of Equity Securities the Company can issue without Shareholder approval for the period ending on the Listing Rule 7.1A Mandate Expiry Date.

If Resolution 3 is not passed, the issue of the 10,605,250 SPP Shares will be included in calculating the Company's additional 10% limit in Listing Rule 7.1A, effectively decreasing the number of Equity Securities the Company can issue without Shareholder approval for the period ending on the Listing Rule 7.1A Mandate Expiry Date.

### Key Information

ASX Listing Rule 7.5 requires the following information about the SPP Shares to be given to Shareholders, in respect of Resolution 3:

## Explanatory Memorandum

<i>Number of securities issued:</i>	10,605,250 Shares
<i>Date of issue:</i>	SPP Shares were issued on 30 June 2020.
<i>Issue price:</i>	\$0.60 (60 cents) per Share, raising a total of \$6,363,000.
<i>Terms:</i>	The SPP Shares were fully paid ordinary shares in the Company and were issued on the same terms as the Company's existing Shares.
<i>Names of allottees:</i>	All SPP Shares were issued to eligible Shareholders who were issued Shares pursuant to the SPP offer document dated 1 June 2020.
<i>Use of funds:</i>	<p>The funds raised from the issue of SPP Shares are being used to fund:</p> <ul style="list-style-type: none"><li>• Development of the 12CQ qubit processor chip technology, as well as active collaboration with IBM to use Qiskit as the software stack for our processors and participation in the global IBM Q Network as an ecosystem partner.</li><li>• Prosecution of the human health biosensor patents and the hiring of new staff to expedite the development of this technology.</li><li>• Completion of the Franklyn halloysite pilot plant test work and resource drill out upon successful trials of the halloysite product by potential customers.</li><li>• Identify and assess new technologies for inclusion in the Reliable Energy vertical.</li></ul>

### Board Recommendation

The Board unanimously recommends that Shareholders vote in favour of this Resolution.

## Resolution 4 - Approval to issue Incentive Options to Director Kenneth Williams

### Background

Kenneth was appointed as a non-executive Director of the Company on 25 September 2020, and Shareholder approval of his election as a Director is being sought at Resolution 2 of this Notice.

The Company is seeking Shareholder approval to grant a total of 1,500,000 Incentive Options to Kenneth Williams, or his respective nominee.

The Board has formed a view that the proposed issue of Incentive Options to Kenneth provides a non-cash incentive-based component of his remuneration, which better aligns the interest of all Directors (not just Kenneth) with those of Shareholders. The issue of Director Options to Kenneth also aligns Kenneth's Director remuneration with that of the other non-executive Directors, who each received Shareholder approval at the 2019 Annual General Meeting (**2019 AGM**) for the same quantum of options proposed to be issued to Kenneth on the terms detailed in this Notice.

### 1. Terms and Conditions

The terms and conditions of the Director Options proposed to be granted are detailed at below and at Annexure A of this Notice. The Director Options will also be subject to the terms and conditions of the Company's Performance Rights and Share Option Plan and the Company's constitution.

### 2. ASX Listing Rule Requirements

ASX Listing Rule 10.14 provides that a listed company may only permit a director of the Company to acquire newly issued shares or rights to shares under an employee incentive scheme where that director's participation has been approved by an ordinary resolution of Shareholders.

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

Chapter 2E of the Corporations Act regulates the provision of financial benefits to related parties by a public company. The issue of Incentive Options to Kenneth constitutes the provision of a financial benefit to a related party.

The Board has considered the application of Chapter 2E of the Corporations Act (related party provisions) and has resolved that the arm's length and reasonable remuneration exceptions provided by sections 210 and 211 of the Corporations Act are relevant in the circumstances and accordingly, the Company will not also seek approval for the issue of Incentive Options to Kenneth, pursuant to section 208 of the Corporations Act.

## Explanatory Memorandum

### 4. Information required by Listing Rule 10.15

Listing Rule 10.15 requires that the following information to be provided to Shareholders:

<i>The Incentive Options will be granted to:</i>	Kenneth Williams (Non-executive Director) or his Nominee.
<i>The maximum number of Incentive Options to be issued:</i>	1,500,000
<i>The date by which the Incentive Options will be issued:</i>	The Director Options will be issued as soon as practicable, but in any event will be issued no later than one month after the date of this Meeting.
<i>Exercise Price:</i>	145% of the 5 day VWAP of Shares up to and including the issue date.
<i>Expiry Date:</i>	31 March 2024.
<i>The issue price of the Incentive Options:</i>	The Director Options will be issued for nil cash consideration.
<i>The terms of issue of the Incentive Options:</i>	Each Incentive Option is an unlisted Option to subscribe for a fully paid ordinary share in the capital of the Company, on the same terms and conditions as the Company's existing Shares. Incentive Options will be issued on the terms and conditions set out in Annexure A and be subject to the terms of the Plan.
<i>The intended use of funds:</i>	The Incentive Options will be issued for nil consideration and no funds will be raised from the issue of Incentive Options. It is anticipated that any funds raised from the exercise of Incentive Options (if this occurs) will be used for general working capital.  There is no guarantee that the Incentive Options will be exercised at all.
<i>Voting exclusion statement:</i>	A voting exclusion statement is included in this notice of meeting.

### 5. Dilution effect of issue of Director Options

As at the date of this Notice of Meeting, the Company has the following equity securities on issue. See the Company's Appendix 2A released to ASX on 16 October 2020 for further information.

Type of security	Number
Shares	224,836,546
Options	15,688,277 (exercisable into 15,688,277 Shares)

If Resolution 4 is approved and the Incentive Options are issued, then the Company will have on issue an additional 1,500,000 Options. If any of the Incentive Options are exercised, then the effect would be to dilute the shareholding of existing Shareholders.

As at the date of this Notice of Meeting, on a fully diluted basis (i.e. assuming all of the existing Options on issue are exercised and no other securities are issued), the Company has an equivalent of a maximum of 240,524,823 Shares. The issue of up to 1,500,000 Shares upon the exercise of the Incentive Options to be issued to or for the benefit of the Kenneth Williams would result in a dilution of approximately 0.6% (i.e. 1,500,000 Shares expressed as a percentage of the expanded Share capital of 240,524,823).

### 6. Rationale and Recommendation

The issue of Incentive Options to Kenneth Williams (as well as previously issued Incentive Options issued to Directors and employees following Shareholder approval at the 2019 AGM) are seen by the Board as a means of incentivising directors, employees and key consultants in a way that better aligns their interests with Shareholder interests.

The Incentive Options subject of Resolution 4, if approved for issue, will form part of Kenneth's remuneration package and will be in addition to the cash director fees payable to him.

The Board notes that the issue of the Incentive Options to Non-Executive Directors is contrary to the guidelines on non-executive director remuneration in Box 8.2 of Recommendation 8.3 of the ASX's Corporate Governance Council's Principles and Recommendations.

The Board considers the issue of the Incentive Options to Ken Williams to be reasonable and appropriate in the circumstances for the reasons described above.

## Explanatory Memorandum

### 7. Individual security holdings of Key Management Personnel

The equity securities in the Company currently held directly and indirectly by the Key Management Personnel as at the date of this Notice of Meeting are set out below.

	No. shares	No. other Equity Securities	% Share capital (undiluted basis)
Gregory English <i>Executive Chairman</i>	8,997,618	5,000,000 Options	4.00%
Dr Mohammad Choucair <i>Chief Executive Officer</i>	2,600,000	3,500,000 Options	1.16%
Alice M <sup>c</sup> Cleary <i>Non-executive Director</i>	2,700,761	1,170,000 Options	1.20%
Paul Rix <i>Non-executive Director</i>	216,667	1,500,000 Options	0.10%
Kenneth Williams <i>Non-executive Director</i>	Nil	Nil	-
Damien Connor <i>Company Secretary / CFO</i>	167,500	1,300,000 Options	0.07%

### 8. Other aspects of remuneration packages of Key Management Personnel

Gregory English is entitled to an annual salary of \$370,000 (inclusive of 9.5% Superannuation), and a discretionary bonus up to 15% of his salary each year, determined with reference to key performance indicators set by the Board annually.

Dr Mohammad Choucair is entitled to an annual salary of \$251,850 (inclusive of 9.5% Superannuation), and may be eligible to participate in any incentive or bonus plans, as may be introduced by the Company from time to time. In respect of the year ending 30 June 2021, the board have offered a discretionary bonus up to 25% of his annual salary, determined with reference to key performance indicators set by the Board.

Alice M<sup>c</sup>Cleary, Paul Rix and Kenneth Williams are each entitled to an annual director's fee, which is currently \$70,000 (inclusive of 9.5% Superannuation).

Damien Connor is paid an hourly rate for the provision of services in his role as the Company's Chief Financial Officer and Company Secretary.

### 9. Effect on earnings and other

Given the Incentive Options vest immediately on the date of issue, there will be an effect on the Company's earnings for the financial year ended 30 June 2021 in that the Company will likely recognise a share-based payment expense in the Company's profit and loss statement for that year. The opportunity costs, taxation consequences (such as fringe benefits tax) and benefits foregone by the Company is nil.

### 10. Date by which Incentive Options will be granted

The proposed issue of Incentive Options to Kenneth are expected to be made on or around 2 December 2020 but not later than 31 December 2020, subject to Shareholder approval of Resolution 4.

### 11. Consequences if approval not obtained

If Shareholders do not approve the proposed issue of the 1,500,000 Incentive Options to Kenneth Williams, then the grant of the Incentive Options to Kenneth will not proceed. This may impact Archer's ability to incentivise Kenneth and align his interests with those of Shareholders. The Board may need to consider alternative remuneration arrangements, including a cash payment.

The passing of Resolution 4 is conditional upon, and subject to Shareholders approving Resolution 2 (for the Election of Kenneth Williams as a Director). Accordingly, if you intend to vote in favour of Resolution 4 to issue Incentive Options to Kenneth, then you should also vote in favour of Resolution 2.

### 12. Board Recommendation – Resolution 4

Director Kenneth Williams has a material personal interest in the outcome of Resolution 4 and in accordance with ASIC guidance on the matter, each Director considers that it is not appropriate for them to make a recommendation in relation to the remuneration of another Director. Accordingly, all Directors decline to make any recommendation to Shareholders in relation to Resolution 4.

# Explanatory Memorandum

## Resolution 5 - Approval of 10% Additional Placement Capacity

This Resolution 5 is a Special Resolution which requires approval of 75% of the votes cast by Shareholders present and eligible to vote on this Resolution.

### Background to Resolution 5

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 Annual General Meeting at which approval of the issue is obtained (**10% Placement Capacity**). The 10% Placement Capacity is in addition to the Company's 15% placement capacity under Listing Rule 7.1 and allows the Company to issue up to 25% of its issued capital in total.

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 at the date of this Notice of Annual General Meeting and must remain compliant with the requirements of Listing Rule 7.1A at the date of the Meeting to be able to utilise the additional capacity to issue Equity Securities under that Listing Rule

The Company is now seeking Shareholder approval by way of a Special Resolution which 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) to have the ability to issue Equity Securities under the 10% Placement Capacity. The exact number of Equity Securities to be issued under the 10% Placement Capacity will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2.

### Number of Shares

The formula for calculating the maximum amount of securities to be issued under the 10% Placement Capacity is calculated as follows:

#### **(A x D) – E**

**A** The number of fully paid ordinary securities on issue at the commencement of the relevant period:

- plus the number of fully paid ordinary securities issued in the relevant period under an exception in Listing Rule 7.2 other than exception 9, 16 or 17;
- plus the number of fully paid ordinary securities issued in the relevant period on the conversion of convertible securities within Listing Rule 7.2 exception 9 where:
  - o the convertible securities were issued or agreed to be issued before the commencement of the relevant period; or
  - o the issue of, or agreement to issue, the convertible securities was approved, or taken under the Listing Rules to have been approved, under Listing Rule 7.1 or Listing Rule 7.4;
- plus the number of fully paid ordinary securities issued in the relevant period under an agreement to issue securities within Listing Rule 7.2 exception 16 where:
  - o the agreement was entered into before the commencement of the relevant period; or
  - o the agreement or issue was approved, or taken under the Listing Rules to have been approved, under Listing Rule 7.1 or Listing Rule 7.4;
- plus the number of any other fully paid ordinary securities issued in the relevant period with approval under Listing Rule 7.1 or Listing Rule 7.4;
- plus the number of fully paid ordinary securities that became fully paid in the relevant period;
- less the number of fully paid ordinary securities cancelled in the relevant period.

**D** is 10%.

**E** The number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the relevant period where the issue or agreement has not been subsequently approved by the holders of its ordinary securities under Listing Rule 7.4.

## Explanatory Memorandum

“relevant period” means:

- if the entity has been admitted to the official list for 12 months or more, the 12 month period immediately preceding the date of the issue or agreement; or
- if the entity has been admitted to the official list for less than 12 months, the period from the date the entity was admitted to the official list to the date immediately preceding the date of the issue or agreement.

The ability 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 224,836,546 Shares and therefore has capacity to issue:

- 1) 33,725,481 Equity Securities under Listing Rule 7.1 (subject to approval of Resolutions 3 of this Notice); and
- 2) 22,483,654 Equity Securities under Listing Rule 7.1A (subject to approval of this Resolution 5 in this Notice).

A number of scenarios showing potential issues under Listing Rule 7.1A are detailed in the table below.

### 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 Capacity as follows:

#### 1) Minimum issue price

For the purpose of Listing Rule 7.1.A.3, the issue price of Equity Securities under this 10% Placement Capacity will be no less than 75% of the VWAP for securities in that class calculated over the 15 trading days on which trades in that class were recorded immediately before:

- i) the date on which the price at which the securities are to be issued is agreed; or
- ii) if the securities are not issued within 10 trading days of the date in paragraph i), the date on which the securities are issued.

#### 2) Risk of economic and voting dilution

If this Resolution is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Capacity, the existing Shareholders' voting power in the Company will be diluted as shown in the table below (in the case of unlisted options, only if the unlisted options are exercised).

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 approval under rule 7.1A; 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 describes the potential dilution of existing ordinary security holders on the basis of at least three different assumed issue prices and values for the variable “A” in the formula in rule 7.1A.2, and also shows:

- i) at least one example that assumes variable “A” is double the number of ordinary securities on issue at the time of the approval under rule 7.1A. Variable “A” is the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result 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 meeting of Shareholders; and
- ii) at least one example where the issue price of ordinary securities has fallen by at least 50%.

## Explanatory Memorandum

Variable 'A' in Listing rule 7.1A.2		Dilution at different share prices		
		\$0.245 (50% decrease)	\$0.49 (Issue Price)	\$0.98 (100% increase)
<b>Current Variable A</b> 224,836,546 Shares	10% voting dilution	22,483,654 Shares	22,483,654 Shares	22,483,654 Shares
	Funds raised	\$5,508,495	\$11,016,990	\$22,033,980
<b>50% increase in current Variable A</b> 337,254,819 Shares	10% voting dilution	33,725,481 Shares	33,725,481 Shares	33,725,481 Shares
	Funds raised	\$8,262,742	\$16,525,485	\$33,050,971
<b>100% increase in current Variable A</b> 449,673,092 Shares	10% voting dilution	449,673,092 Shares	449,673,092 Shares	449,673,092 Shares
	Funds raised	\$11,016,990	\$22,033,981	\$44,067,962

The table above has been prepared on the following assumptions:

- i) The Company issues the maximum number of Equity Securities available under the 10% Placement Capacity;
- ii) No unlisted options (including any unlisted options issued under the 10% Placement Capacity) are exercised into Shares before the date of the 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 does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Capacity, based on that Shareholder's holding at the date of the Meeting.
- v) The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1 or as a result of any issues of Equity Securities pursuant to any other approval under Chapter 7 of the Listing Rules.
- vi) The issue of Equity Securities under the 10% Placement Capacity consists only of Shares. If the issue of Equity Securities includes Listed Options, it is assumed that those Listed Options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
- vii) The issue price is \$0.49, being the closing price of the Shares on ASX on 26 October 2020.

### 3) Timing

The date by which the Equity Securities may be issued is the earlier of:

- i) the date that is 12 months after the date of this Annual General Meeting;
- ii) the time and date of the Company's next annual general meeting; and
- iii) the date of 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 (change involving main undertaking).

The approval will cease to be valid in the event that holders of the Company's ordinary securities approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or Listing Rule 11.2 (change involving main undertaking).

### 4) Purposes for which Equity Securities may be issued

The Company may seek to issue the Equity Securities to use the funds raised towards an acquisition of new projects, assets or investments (including expenses associated with such acquisition), continued expenditure on development of the Company's advanced materials technologies and mineral exploration and/or general working capital.

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

## Explanatory Memorandum

### 5) Allocation Policy

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

- 1) 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;
- 2) the effect of the issue of the Equity Securities on the control of the Company;
- 3) the financial situation and solvency of the Company; and
- 4) advice from corporate, financial and broking advisers (if applicable).

The allottees under the 10% Placement Capacity 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.

### 6) Previously obtained approval under rule 7.1A

The Company previously obtained Shareholder approval under Listing Rule 7.1A at the 2019 AGM on 30 October 2019. As such, for the purposes of rule 7.3A.6:

- a) the total number of Equity Securities issued in the 12 months preceding the date of the meeting is 10,605,250 and the percentage they represent of the total number of Equity Securities on issue at the commencement of that 12-month period is 5.0%;
- b) details of all issues of Equity Securities issued by the Company during the 12 months preceding the date of the meeting, including for each such issue the required information under Listing Rule 7.3A.6(b) is set out in the table below:

<b>Date of Issue, Number and Class of Equity Securities and Summary of key terms</b>	<b>Names of persons who received securities or basis on which those persons was determined</b>	<b>Issue Price of Equity Securities and discount to market price<sup>1</sup> on the trading day prior to issue</b>	<b>Consideration The total consideration, the amount of cash that has been spent, what it was spent on and the intended use of the remaining funds (if any).</b>
30 June 2020 10,605,250 Shares	Issued to Shareholder applicants under the 2020 SPP dated 1 June 2020.	\$0.60 per Share Premium of approx. 2.6% to the Archer market price of 29 June 2020	\$6,363,000 cash raised from the SPP is being used to fund: <ul style="list-style-type: none"><li>• Development of the 12CQ qubit processor chip technology.</li><li>• Prosecution of the human health biosensor patents and the hiring of new staff to expedite the development of this technology.</li><li>• Identify and assess new technologies for inclusion in the Reliable Energy vertical</li></ul>

1. The closing price on the trading platform, excluding special crossings and overnight sales.

### Board Recommendation

The Board considers that the approval of the issue of the 10% Placement Capacity described above is beneficial for the Company as it provides the Company with the flexibility to issue up to the maximum number of securities permitted under Listing Rule 7.1A in the next 12 months (without further Shareholder approval), should it be required.

Accordingly, the Board unanimously recommends that Shareholders vote in favour of Resolution 5.

# Explanatory Memorandum

## Resolution 6 – Adoption of New Constitution

This Resolution 12 is a Special Resolution.

Under section 136(2) of the Corporations Act, a company may modify or repeal its constitution or a provision of its constitution by special resolution of Shareholders. Resolution 6 seeks the approval of Shareholders to repeal the Company's existing Constitution and adopt a new constitution ("**Proposed Constitution**") which is of the type required for a listed public company limited by shares.

The current Constitution was adopted in May 2007. Since then, there have been a number of changes to the Corporations Act, the ASX Listing Rules, the ASX Settlement Rules, and corporate governance principles for listed companies. Accordingly, the Board considers that it is in the best interests of the Company and its Shareholders to revise and update the current Constitution.

Given the number of changes involved and the need to use updated technology, the best and most efficient way of doing so is to adopt the Proposed Constitution.

The Proposed Constitution is broadly consistent with the provisions of the existing Archer constitution. Many of the proposed changes are administrative or minor in nature including but not limited to:

- updating references to bodies or legislation which have been renamed (eg references to the Australian Settlement and Transfer Corporation Pty Ltd, ASTC Settlement Rules and ASTC Transfer); and
- expressly providing for statutory rights by mirroring these rights in provisions of the Proposed Constitution.

These amendments are not material nor will they have any significant impact on Shareholders but will rather update the Archer constitution. It is not practicable to list all of the changes to the Archer constitution in detail, however, a summary of the proposed material changes is set out in Annexure B.

A copy of the Proposed Constitution is available for review by Shareholders at the office of the Company. A copy can also be sent to Shareholders upon request to the Company Secretary at [hello@archerx.com.au](mailto:hello@archerx.com.au). Shareholders are invited to contact the Company if they have any queries or concerns.

Resolution 6 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).

In respect of Annexure B item **(f) Partial (proportional) takeover provisions (Rule 6)** the Corporations Act requires that the following information be provided to Shareholders when they are considering the inclusion of proportional takeover provisions in a constitution.

### a) Effect of a proportional takeover bid provision

A proportional takeover bid is one where an offer is made to each Shareholder for a proportion of that Shareholder's shares.

If the proportional takeover provisions in the Constitution are renewed and a proportional takeover bid is made after the date of the Meeting, then the Directors must hold a meeting of the Shareholders of the class of shares being bid for to consider whether or not to approve the bid.

The Directors must ensure that a resolution to approve the bid is voted on at least 14 days before the last day of the bid period. The resolution will be passed if more than 50 percent of eligible votes are cast in favour of the approval.

The bidder and its associates are not allowed to vote on the resolution.

If no such resolution is voted on by the above deadline, a resolution approving the bid is taken to have been passed.

If a resolution to approve the bid is rejected, binding acceptances are required to be rescinded, and all unaccepted offers and offers failing to result in binding contracts are taken to have been withdrawn.

If the bid is approved or taken to have been approved, the transfers resulting from the bid may be registered provided they comply with other provisions of the Corporations Act and the Company's constitution.

The proportional takeover provisions do not apply to full takeover bids and will only apply until 30 November 2023, unless again renewed by Shareholders.

### b) Reasons for proposing the resolution

The Directors consider that Shareholders should have the opportunity to vote on any proportional takeover bid for the

## Explanatory Memorandum

Company. Without the proportional takeover provisions being included in the Constitution, a proportional takeover bid for the Company may enable control of the Company to be acquired without Shareholders having the opportunity to sell all of their Shares to the bidder. Shareholders may therefore be at risk of passing control to the bidder without payment of an adequate control premium for all their Shares whilst leaving themselves as part of a minority interest in the Company.

The proportional takeover approval provisions lessen these risks because they allow Shareholders to decide whether a proportional takeover bid is acceptable and should be permitted to proceed.

The benefit of the provision is that Shareholders are able to decide collectively whether the proportional offer is acceptable in principle and it may ensure that any partial offer is appropriately priced.

### c) **No knowledge of present acquisitions proposals**

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

### d) **Potential advantages and disadvantages for the Directors and Shareholders of the Company**

The renewal of the proportional takeover provisions will enable the Directors to formally ascertain the views of Shareholders in respect of a proportional takeover bid. Without such provisions, the Directors are dependent upon their perception of the interests and views of Shareholders. Other than this advantage, the Directors consider that the renewal of the proportional takeover provisions has no potential advantages or potential disadvantages for them as they remain free to make a recommendation on whether a proportional takeover offer should be approved.

The potential advantages of the proportional takeover provisions for Shareholders are:

- Shareholders have the right to determine by majority vote whether a proportional takeover bid should proceed;
- the provisions may assist Shareholders to avoid being locked in as a minority;
- increase in Shareholder's bargaining power which may assist in ensuring that any proportional takeover bid is adequately priced; and
- knowing the view of the majority of Shareholders assists each individual Shareholder in assessing the likely outcome of the proportional takeover bid and whether to accept or reject an offer under the bid.

The potential disadvantages of the proportional takeover provisions for Shareholders include:

- the likelihood of a proportional takeover bid being successful may be reduced and the provisions may discourage the making of a proportional takeover bid in respect of the Company;
- the provisions may reduce the opportunities which Shareholders may have to sell all or some of their Shares at a premium to persons seeking control of the Company and may reduce any takeover speculation element in the Company's share price; and
- the provisions may be considered an additional restriction on the ability of individual Shareholders to deal freely in their Shares.

However, on balance, the Directors of the Company do not perceive those or any other possible disadvantages as justification for not renewing the proportional takeover provisions for a further three years.

### e) **Review of advantages and disadvantages of the proportional takeover approval provisions**

While proportional takeover provisions have been in effect under the Company's Constitution, no takeover bids for the Company have been made, either proportional or otherwise. Accordingly, there are no actual examples against which the advantages or disadvantages of the existing proportional takeover provisions (that is, Clause 12.2 of the Constitution) could be reviewed for the Directors and Shareholders. The Directors are not aware of any potential takeover bid that was discouraged by Clause 12.2.

## Board Recommendation

The Directors do not believe the potential disadvantages outweigh the potential advantages of adopting the proportional takeover provisions and as a result consider that the proportional takeover provision in the Proposed Constitution is in the interest of Shareholders and unanimously recommend that Shareholders vote in favour of Resolution 6.

# Explanatory Memorandum

## DEFINITIONS

In the Explanatory Memorandum and Notice of Annual General Meeting:

**2020 Annual Report** means the Company's annual report for the 2019/2020 financial year.

**AGM** means the Annual General Meeting of Shareholders to be held virtually at 10:00am (Sydney time) on Monday, 30 November 2020

**Archer** or the **Company** means Archer Materials Limited (ABN 64 123 993 233).

**ASX** means ASX Limited (ABN 98 008 624 691).

**Board** means the board of Directors.

**Closely Related Party** has the same meaning as in the Corporations Act.

**Constitution** means the constitution of the Company.

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

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

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

**Employee** means a director, full or part time employee, casual employee or contractor of the Group.

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

**Incentive Option** means an Option issued on the terms and conditions set out in Annexure A.

**Key Management Personnel** means a member of the key management personnel as disclosed in the Remuneration Report.

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

**Listing Rule 7.1A Mandate** and **Listing Rule 7.1A Mandate Expiry Date** each have the meaning given in the Explanatory Memorandum for Resolution 3.

**Meeting** means the Annual General Meeting of Shareholders to be held virtually at 10:00am (Sydney time) on Monday, 30 November 2020.

**Member** or **Shareholder** means each person registered as the holder of a Share.

**Notice** means this Notice of Annual General Meeting.

**Option** means an option to subscribe for a Share.

**Option Holder** means the holder of an Option.

**Ordinary Resolution** means a resolution passed by more than 50% of the votes at a general meeting of Shareholders.

**Performance Right** means an unlisted right to receive a Share for each Performance Right at no cost.

**Proposed Constitution** means proposed new Constitution subject of Shareholder approval at Resolution 6 of this Notice.

**Remuneration Report** means the report of the same name on pages 28 to 41 of the 2020 Annual Report.

**Resolution** means a resolution referred to in this Notice.

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

**Special Resolution** means a resolution passed by 75% or more of the votes at a general meeting of Shareholders.

**SPP** means the Company's share purchase plan dated 1 June 2020.

**VWAP** means volume weighted average market price.

# Explanatory Memorandum

## ANNEXURE A – TERMS AND CONDITIONS OF INCENTIVE OPTIONS

- (1) The holder of the Option ('Optionholder') agrees to be bound by the terms of the Plan and the constitution of Archer Materials Limited ('Company'), both as amended from time to time.
- (2) Each Option will entitle the Optionholder to subscribe for one fully paid ordinary share in the Company ('Share') (subject to possible adjustments under the Plan and paragraphs (12), (13) and (14) below).
- (3) Options will not vest and cannot be exercised unless all of the Exercise Conditions (if any) shown in the Share Option Key Details attached to the Invitation have been satisfied during the Measurement Period. The Exercise Condition may be waived or varied by the Board in accordance with the terms of the Plan.
- (4) Each Option is exercisable from the date of vesting until 5:00 pm (Adelaide time) on the Expiry Date shown on the Option Certificate given to the Optionholder by the Company ('Certificate'). Options not exercised before the Expiry Date will lapse.
- (5) The Exercise Price of each Option is shown on the Certificate.
- (6) Options are exercisable by notice in writing to the Company, delivered to the registered address of the Company and accompanied by the full payment of the Exercise Price in cleared funds.
- (7) Some or all of the Options may be exercised at any one time or times after the Vesting Date and prior to the Expiry Date provided that no less than 100,000 Options are exercised at any one time.
- (8) Shares issued pursuant to the valid exercise of any of the Options will rank in all respects on equal terms with the existing Shares in the Company.
- (9) For so long as the Shares of the Company are listed on ASX, the Company will apply for official quotation by ASX of the Shares issued upon exercise of Incentive Options within five business days of the allotment of Shares.
- (10) The Options will not be quoted on ASX.
- (11) The Optionholder must not Transfer or grant any Security Interest over or otherwise deal or otherwise dispose of an Option, other than in accordance with the rules of the Plan.
- (12) If there is a bonus issue to the holders of Shares, then the number of Shares over which the Option is exercisable will be adjusted in accordance with the rules of the Plan.
- (13) If the Company makes a rights issue (other than a bonus issue), then the Exercise Price of Incentive Options on issue will be reduced in accordance with the requirements of the ASX Listing Rules.
- (14) If, prior to the Expiry Date the issued capital of the Company is reorganised, then the rights of the Optionholders may be varied to comply with the Plan and the ASX Listing Rules which apply to the reconstruction at the time of the reconstruction.
- (15) In the event of a conflict or inconsistency between:
  - (a) the rules of the Plan and these Share Option Terms and Conditions, then the provisions of the Plan will prevail to the extent of the conflict or inconsistency; or
  - (b) the relevant Invitation and the Certificate (including the Option Key Details attached to the Certificate), then the terms of the Invitation will prevail to the extent of the conflict or inconsistency.

Capitalised terms defined in the Plan shall have the same meaning when used in these Option Terms and Conditions.

# Explanatory Memorandum

## ANNEXURE B – SUMMARY OF MATERIAL CHANGES IN PROPOSED CONSTITUTION

Below is a summary of the proposed material changes in the Proposed Constitution:

### (a) Restricted Securities (rule 2.8)

ASX introduced a number of changes to the escrow regime in the Listing Rules in December 2019 to make aspects of the listing process and ongoing compliance with the Listing Rules more efficient for issuers and for ASX.

Amongst these, ASX introduced a two-tier escrow regime where ASX can, and will, require certain more significant holders of Restricted Securities (as defined by the Listing Rules) and their controllers to execute a formal escrow agreement in the form of Appendix 9A, as is currently the case. However, for less significant holdings, ASX will instead permit entities to rely on a provision in their constitution imposing appropriate escrow restrictions on the holder of Restricted Securities and to simply give a notice to the holder of Restricted Securities in the form of a new Appendix 9C advising them of those restrictions.

Under rule 2.8 of the Proposed Constitution, holders of Restricted Securities will be taken to have agreed in writing that those Securities are to be kept on the Company's issuer sponsored sub-register and are to have a holding lock applied for the duration of the applicable escrow period. Holders of Restricted Securities will also not be entitled to participate in any return of capital on those Securities during the applicable escrow period, except as permitted by the Listing Rules or ASX.

### (b) Minimum Shareholdings (rule 5.4)

Rule 5.4 of the Proposed Constitution outlines how the Company can manage shareholdings which represent 'less than a marketable parcel' of Shares, being a shareholding that is less than \$500 based on the closing price of the Company's Shares on ASX as at the relevant time (Minimum Shareholding).

The Proposed Constitution is in line with the requirements for dealing with Minimum Shareholdings outlined in the Corporations Act and Listing Rules such that where the Company elects to undertake a sale of Minimum Shareholdings, the Company is only required to give one notice to holders of Minimum Shareholdings to elect to retain their shareholding before the Minimum Shareholdings can be dealt with by the Company, saving time and administrative costs incurred by otherwise having to send out additional notices.

### (c) Dividends (rule 4.1)

Section 254T of the Corporations Act was amended effective 28 June 2010.

There is now a three-tiered test that a company will need to satisfy before paying a dividend replacing the previous test that dividends may only be paid out of profits.

The amended requirements provide that a company must not pay a dividend unless:

- (1) the company's assets exceed its liabilities immediately before the dividend is declared and the excess is sufficient for the payment of the dividend;
- (2) the payment of the dividend is fair and reasonable to the company's Shareholders as a whole; and
- (3) the payment of the dividend does not materially prejudice the company's ability to pay its creditors.

The existing Constitution reflects the former profits test and restricts the dividends to be paid only out of the profits of the Company. The Proposed Constitution is updated to reflect the new requirements of the Corporations Act.

The Proposed Constitution is updated to reflect the new requirements of the Corporations Act. This amendment allows more flexibility in the payment of dividends in the future should the Company be in a position to pay dividends.

### (d) Fee for registration of off-market transfers (rule 5.1(e))

On 24 January 2011, ASX amended Listing Rule 8.14 with the effect that the Company may now charge a 'reasonable fee' for registering paper-based transfers, sometimes referred to 'off-market transfers'.

Rule 5.1(e) of the Proposed Constitution enables the Company to charge a reasonable fee when it is required to register off-market transfers from Shareholders. The fee is intended to represent the cost incurred by the Company in upgrading its fraud detection practices specific to off-market transfers.

## Explanatory Memorandum

Before charging any fee, the Company is required to notify ASX of the fee to be charged and provide sufficient information to enable ASX to assess the reasonableness of the proposed amount.

### (e) Deemed notice to uncontactable Shareholders (rule 14.1(h))

Rule 14.1(h) provides that a document will be deemed to have been served to a Shareholder if the document is exhibited in the registered office of the Company for 48 hours in the event that:

- (1) a Shareholder does not have an address in the register of Shareholders, and has not nominated an alternative address; or
- (2) the Company reasonable believes that a Shareholder is not known at the Shareholder's address in the register of Shareholders or any alterative address provided.

### (f) Partial (proportional) takeover provisions (Rule 6)

A proportional takeover bid is a takeover bid where the offer made to each Shareholder is only for a proportion of that Shareholder's shares.

Pursuant to section 648G of the Corporations Act, the Company has included in the Proposed Constitution a provision whereby a proportional takeover bid for Shares may only proceed after the bid has been approved by a meeting of Shareholders held in accordance with the terms set out in the Corporations Act. The proportional takeover provisions in the current Archer constitution were approved by Archer Shareholders at the 2019 AGM.

This clause of the Proposed Constitution will cease to have effect on the third anniversary of the date of the adoption of last renewal of the clause.

### (g) Direct Voting (rule 7.9)

The Proposed Constitution includes a new provision which allows Shareholders to exercise their voting rights through direct voting (in addition to exercising their existing rights to appoint a proxy). Direct voting is a mechanism by which Shareholders can vote directly on resolutions which are to be determined by poll.

Votes cast by direct vote by a Shareholder are taken to have been cast on the poll as if the Shareholder had cast the votes on the poll at the meeting. In order for direct voting to be available, Directors must elect that votes can be cast via direct vote for all or any resolutions and determine the manner appropriate for the casting of direct votes. If such a determination is made by the Directors, the notice of meeting will include information on the application of direct voting.

### (h) Rotation of Directors (rule 14.2)

The Proposed Constitution amends the provision relating to the rotation of Directors at the Company's Annual General Meeting each year to align with the Company's obligations under the Listing Rules.

### (i) Chairperson (rule 7.7(b))

Confirming that the Chairperson may, if he or she considers it necessary or desirable for the proper and orderly conduct of a meeting, decide not to put any resolution proposed in the notice convening the meeting to a meeting of Shareholders (other than a resolution proposed by members in accordance with section 249N of the Corporations Act or a resolution required by the Corporations Act to be put to the meeting).

### (j) Director remuneration (rule 8.3)

Confirming that when calculating a Non-executive Director's remuneration, any amount paid by the Company or a related body corporate as fees for acting as a director of the Company or any child entity is to be included, and any amounts paid as securities, issued with the approval of members under the Listing Rules, are to be excluded.

### (k) Director meetings (rule 8.12(d))

As the quorum for meetings of Directors is two Directors, clarifying that where only two Directors are present or entitled to vote at a meeting of the Directors and the votes are equal on a proposed resolution, the Chairperson of the meeting does not have a second or casting vote and the proposed resolution is taken as lost.



Archer Materials Limited

ABN: 64 123 993 233

## Need assistance?



**Phone:**

1300 850 505 (within Australia)  
+61 3 9415 4000 (outside Australia)



**Online:**

[www.investorcentre.com/contact](http://www.investorcentre.com/contact)



## YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **10:00 am (Sydney time) Saturday, 28 November 2020**

# Proxy Form

## How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

### APPOINTMENT OF PROXY

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

**A proxy need not be a securityholder of the Company.**

### SIGNING INSTRUCTIONS FOR POSTAL FORMS

**Individual:** Where the holding is in one name, the securityholder must sign.

**Joint Holding:** Where the holding is in more than one name, all of the securityholders 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 form when you return it.

**Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

### PARTICIPATING IN THE MEETING

#### Corporate Representative

If a representative of a corporate securityholder or proxy is to participate in the meeting you will need to provide the appropriate "Appointment of Corporate Representative" form. A form may be obtained from Computershare or online at [www.investorcentre.com](http://www.investorcentre.com) under the help tab, "Printable Forms".

## Lodge your Proxy Form:

### Online:

Use your computer or smartphone to appoint your proxy and vote at [www.investorvote.com.au](http://www.investorvote.com.au) or scan your personalised QR code below using your smartphone.

Your secure access information is

**Control Number:**  
**SRN/HIN:**

For Intermediary Online subscribers (custodians) go to [www.intermediaryonline.com](http://www.intermediaryonline.com)

### By Mail:

Computershare Investor Services Pty Limited  
GPO Box 242  
Melbourne VIC 3001  
Australia

### By Fax:

1800 783 447 within Australia or  
+61 3 9473 2555 outside Australia



**PLEASE NOTE:** For security reasons it is important that you keep your SRN/HIN confidential.

**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.

# Proxy Form

Please mark  to indicate your directions

## STEP 1 Appoint a Proxy to Vote on Your Behalf

I/We being a member/s of Archer Materials Limited hereby appoint

the Chairman of the Meeting **OR**

**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Archer Materials Limited to be held virtually at <https://web.lumiagm.com> with meeting ID 303-129-919 on Monday, 30 November 2020 at 10.00am (Sydney time) and at any adjournment or postponement of that Meeting.

**Chairman authorised to exercise undirected proxies on remuneration related resolutions:** Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on **Items 1 and 4** (except where I/we have indicated a different voting intention below) even though **Items 1 and 4** are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

**Important Note:** If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on **Items 1 and 4** by marking the appropriate box in step 2 below.

## STEP 2 Items of Business

**PLEASE NOTE:** If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

### ORDINARY BUSINESS

	For	Against	Abstain
1 Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Election of Kenneth Graham Williams as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Ratification of prior issue of SPP Shares under ASX Listing Rule 7.1A	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Approval to issue Incentive Options to Director Kenneth Williams	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Approval of 10% additional placement capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6 Adoption of New Constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

## SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name \_\_\_\_\_

Contact Daytime Telephone \_\_\_\_\_

Date / / \_\_\_\_\_

