

Lake Resources N.L.
Level 5, 126 Phillip Street
Sydney NSW 2000
ACN: 079 471 980

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<http://www.lakeresources.com.au>



Lake Resources N.L.

Notice of Extraordinary General Meeting

Explanatory Statement | Proxy Form

Thursday, 14 May 2020

11.00 AM AEST

Address

Automic Group
Level 5, 126 Phillip Street
Sydney NSW 2000

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

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Venue and Voting Information

The Extraordinary General Meeting of the Shareholders to which this Notice of Meeting relates will be held at 11:00am AEST on May 2020 at Automic Group, Level 5, 126 Phillip Street, Sydney NSW 2000 (**Meeting or Extraordinary General Meeting**) Due to restrictions on physical meetings as a result of COVID-19, shareholders will not be permitted to attend the Meeting in person and instead are invited to participate in the Meeting by weblink. Shareholders who wish to attend the Meeting via weblink must register their attendance with the Company or the Share Registry by 11am (AEST) on the day prior to the Meeting by emailing the Company Secretary at cosec@lakeresources.com.au and including your Holder Name, Address and HIN or SRN. The Company will then provide you with the necessary details to participate in the Meeting via the weblink.

The Company will provide further updates regarding this process through the ASX announcements platform and shareholder updates prior to the meeting.

Your vote is important

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

No voting in person

Due to the COVID-19 social distancing restrictions, travel restrictions and other requirements imposed by the Federal and State governments, physical attendance at the Meeting by Shareholders and hence voting in person will not be permitted. Attendance will only be available by weblink (and you must register your attendance with the Company or Share Registry as noted above) and voting will only be conducted by proxy. Accordingly, the Company encourages Shareholders to submit their proxy form which accompanies this Notice.

The Company will provide further updates regarding this process through the ASX announcements platform and shareholder updates prior to the Meeting.

Voting by proxy

A member entitled to attend and vote at the meeting may appoint a proxy.

The person appointed as a proxy may be an individual or a body corporate. If entitled to cast two or more votes, the member may appoint one or two proxies.

Where two proxies are appointed, each proxy may be appointed to represent a specific proportion of the member's voting rights. If the proportion is not specified, each proxy may exercise half of the member's voting rights. Fractional votes will be disregarded. Please read carefully the instructions on the Proxy Form and consider how you wish to direct the proxy to vote on your behalf. You may direct the proxy to vote "for", "against" or "abstain" from voting on each resolution or you may leave the decision to the appointed proxy after discussion at the meeting.

A proxy need not be a member of the Company.

The Company encourages shareholders to complete the directions for each resolution on their proxy form.

Given eligible shareholders may only vote by proxy (shareholders will not be permitted to vote on a show of hands or poll at the meeting), and a person appointed as a proxy, other than the Chair is unable to attend the Meeting to vote, when a shareholder appoints someone other than the Chair as their proxy, the Company will rely on section 250BC of the Corporations Act which provides that the Chair of the Meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at that Meeting in respect of all directed proxies. Please note that if a shareholder appoints a proxy who is not the Chair of the Meeting and does not provide directions on how to vote on a resolution, that shareholder's votes will not be counted for that resolution. As such, the Company encourages shareholders to consider appointing the Chair of the Meeting as their proxy or otherwise complete the directions for each resolution on their proxy form.

The Proxy Form must be signed by the member or the member's attorney. Proxies given by corporations must be signed in accordance with the corporation's constituent documents, or as authorised by the Corporations Act.

To vote by proxy, please use one of the following methods:

Online	Lodge the Proxy Form online at https://investor.automic.com.au/#/loginsah by following the instructions: Login to the Automic website using the holding details as shown on the Proxy Form. Click on 'View Meetings' – 'Vote'. To use the online lodgement facility, Shareholders will need their holder number (Securityholder Reference Number (SRN) or Holder Identification Number (HIN)) as shown on the front of the Proxy Form.
By post	Automic, GPO Box 5193, Sydney NSW 2001
By hand	Due to COVID-19 restrictions hand delivery of proxies will not be available

Your Proxy instruction must be received not later than 48 hours before the commencement of the Meeting. **Proxy Forms received later than this time will be invalid.**

Power of Attorney

If the proxy form is signed under a power of attorney on behalf of a shareholder, then the attorney must make sure that either the original power of attorney or a certified copy is sent with the proxy form, unless the power of attorney has already provided it to the Share Registry.

Corporate Representatives

If a representative of a corporate shareholder or a corporate proxy will be attending the Meeting, the representative should provide to the Share Registry prior to the Meeting adequate evidence of their appointment, unless this has previously been provided to the Share Registry.

Submitting Questions

Shareholders are encouraged to submit any questions they may have of the Company in writing to the Company Secretary at cosec@lakeresources.com.au by 5.00pm on Wednesday 13 May 2020, the day prior to the meeting. The Company will also provide Shareholders with the opportunity to ask questions during the meeting. The Company will provide further updates regarding this process through the ASX announcements platform prior to the meeting.

Eligibility to vote - Record Date

Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) permits the Company to specify a time, not more than 48 hours before the Meeting, at which time a 'snap shot' of Shareholders will be taken for the purposes of determining Shareholder entitlements to vote at the Meeting. The Directors have determined such time will be 7:00pm Sydney time on Tuesday 12 May 2020 (Record Date). However, given eligible shareholders may only vote by proxy (shareholders will not be permitted to vote on a show of hands or poll at the meeting), the Company encourages Shareholders to submit their proxy form which accompanies this Notice by 11.00am on Tuesday 12 May 2020.

Voting Intention of the Chair for all Resolutions

Shareholders should be aware that any undirected proxies given to the Chair will be cast by the Chair and counted in favour of the Resolutions the subject of this Meeting, subject to compliance with the Corporations Act. In exceptional circumstances, the Chair may change his voting intention on any resolution, in which case an ASX announcement will be made

Notice of Extraordinary General Meeting

Notice is hereby given that an Extraordinary General Meeting of Shareholders of Lake Resources N.L. ACN 079 471 980 will be held 11.00 am (AEST) on Thursday 14 May 2020 at Level 5, 126 Phillip Street Sydney NSW 2000. (**Meeting** or **Extraordinary General Meeting**).

Due to restrictions on physical meetings as a result of COVID-19, shareholders will not be permitted to attend the Meeting in person and instead are invited to participate in the Meeting by weblink. Shareholders who wish to attend the Meeting via weblink must register their attendance with the Company by 11am (AEST) on the day prior to the Meeting by emailing the Company Secretary at cosec@lakeresources.com.au and including your Holder Name, Address and HIN or SRN. The Company will then provide you with the necessary details to participate in the meeting via the weblink. In addition, voting on the Resolutions the subject of this Notice will only be conducted by proxy. Accordingly, the Company encourages Shareholders to submit their proxy form which accompanies this Notice by 11am (AEST) on Tuesday 12 May 2020.

The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the Extraordinary General Meeting. The Explanatory Statement and the Proxy Form forms part of this Notice of Meeting.

Terms and abbreviations used in this Notice of Meeting and Explanatory Statement are defined in the Glossary.

Resolutions

1. **Resolution 1** – Ratification of prior issue of February-March Placement Shares issued under Listing Rule 7.1

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

*“That for the purposes of ASX Listing Rule 7.4 and for all other purposes, the Shareholders ratify the allotment and prior issue of 38,443,642 shares issued on 24 February 2020, 28 February 2020 and 13 March 2020 as part of the **February-March Placement** on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting.”*

Voting Exclusion Statement: The Company will disregard any votes cast in favour of Resolution 1 by or on behalf of:

- (a) a participant in the February-March Placement or is a counterparty to the February-March Placement; or
- (b) an Associate of any person described in (a) above.

However, the Company will not disregard a vote if:

- (i) 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
- (ii) it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

2. **Resolution 2** – Ratification of prior issue of February-March Placement Shares issued under Listing Rule 7.1A

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

*“That for the purposes of ASX Listing Rule 7.4 and for all other purposes, the Shareholders ratify the allotment and prior issue of 52,953,208 shares issued on 24 February 2020 as part of the **February-March Placement** on the terms and conditions set out in the Explanatory Statement accompanying this Notice.”*

Voting Exclusion Statement: The Company will disregard any votes cast in favour of Resolution 2 by or on behalf of:

- (a) a participant in the February-March Placement or is a counterparty to the February-March Placement; or
- (b) an Associate of any person described in (a) above.

However, the Company will not disregard a vote if:

- (i) 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
- (ii) it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

3. **Resolution 3** – Ratification of prior issue of Convertible Securities Facility Close-Out Shares issued under Listing Rule 7.1

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

*“That for the purposes of ASX Listing Rule 7.4 and for all other purposes, the Shareholders ratify the allotment and prior issue of 11,558,021 shares issued on 11 February 2020 to the holders of Convertible Securities as part of the **Convertible Securities Facility Close-Out Shares** on the terms and conditions set out in the Explanatory Statement accompanying this Notice.”*

Voting Exclusion Statement: The Company will disregard any votes cast in favour of Resolution 3 by or on behalf of:

- (a) a participant in the Convertible Securities Facility Close-Out Shares or is a counterparty to the Convertible Securities Facility Close-Out Shares; or
- (b) an Associate of any person described in (a) above.

However, the Company will not disregard a vote if:

- (i) 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
- (ii) it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

4. **Resolution 4** – Ratification of prior issue of Convertible Securities issued under Listing Rule 7.1

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

*“That for the purposes of ASX Listing Rule 7.4 and for all other purposes, the Shareholders ratify the allotment and prior issue of issue and allotment of 1,650,000 unsecured convertible securities issued on 28 October 2019 **Convertible Securities** on the terms and conditions set out in the Explanatory Statement accompanying this Notice.”*

Voting Exclusion Statement: The Company will disregard any votes cast in favour of Resolution 4 by or on behalf of:

- (a) a participant in the Convertible Securities or is a counterparty to the Convertible Securities; or
- (b) an Associate of any person described in (a) above.

However, the Company will not disregard a vote if:

- (i) 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
- (ii) it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

5. **Resolution 5** –Ratification of prior issue of Convertible Securities Facility Options issued under Listing Rule 7.1

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

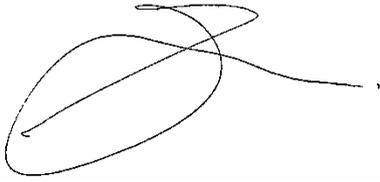
*“That for the purposes of ASX Listing Rule 7.4 and for all other purposes, the Shareholders ratify the allotment and prior issue of 18,300,000 unlisted options issued on 28 October 2019 to the holders of Convertible Securities as part of the **Facility Options issue** on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting.”*

Voting Exclusion Statement: The Company will disregard any votes cast in favour of Resolution 5 by or on behalf of:

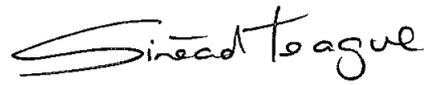
- (a) a participant in the Facility Options or is a counterparty to the Facility Options ; or
- (b) an Associate of any person described in (a) above.

However, the Company will not disregard a vote if:

- (i) 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
- (ii) it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.



BY ORDER OF THE BOARD
Garry Gill and Sinead Teague
Joint Company Secretaries



Explanatory Statement

This Explanatory Statement has been prepared for the information of the Shareholders in connection with the business to be conducted at the Extraordinary General Meeting to be held at 11.00 am (AEST) on Thursday 14 May 2020 at Level 5, 126 Phillip Street Sydney NSW 2000.

The purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions in the Notice of Meeting.

If you are in any doubt about what to do in relation to the Resolutions contemplated in the Notice of Meeting and this Explanatory Statement, it is recommended that you seek advice from an accountant, solicitor or other professional advisor.

Full details of the business to be considered at the Extraordinary General Meeting are set out below.

Resolutions

Resolutions 1 and 2 – Ratification of prior issue of February-March Placement Shares made in accordance with ASX Listing Rule 7.1 and 7.1A

Background

The Company issued fully paid ordinary shares pursuant to a placement to sophisticated and professional investors on 24 February 2020, 28 February 2020 and 13 March 2020 (**February-March Placement**) and issued 91,396,850 ordinary shares at A\$0.04 per share for \$3.655 million in new capital before costs.

Shareholder approval is being sought to ratify the prior issue and allotment of February-March Placement shares, of which 38,443,642 were issued under ASX Listing Rule 7.1 (Resolution 1) and 52,953,208 were issued under ASX Listing Rule 7.1A (Resolution 2).

ASX Listing Rule 7.1 and 7.1A

ASX Listing Rule 7.1 restricts listed companies in relation to the number of equity securities that they can issue or agree to issue without shareholder approval. Generally, a listed company cannot, in any 12-month period, issue a number of equity securities which is more than 15% of their fully paid ordinary shares on issue without shareholder approval (15% limit), unless an exception applies. The Company has not exceeded this 15% limit.

ASX Listing Rule 7.1A provides that, in addition to issues permitted without prior shareholder approval under ASX Listing Rule 7.1, an entity that is eligible and obtains shareholder approval under ASX Listing Rule 7.1A may issue or agree to issue during the period for which the approval is valid a number of quoted equity securities which represents 10% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period as adjusted in accordance with the formula in ASX Listing Rule 7.1A (10% capacity). The Company is an eligible entity and sought and received shareholder approval for its 10% capacity at its Annual General Meeting held on 26 November 2019.

ASX Listing Rule 7.4

ASX Listing Rule 7.4 provides that where holders of ordinary securities approve a previous issue of securities made without approval under ASX Listing Rule 7.1 but within the company's 15% capacity or made in accordance with the 10% capacity available under ASX Listing Rule 7.1A, the previous issue is treated as having been made with approval for the purpose of Listing Rule 7.1 if:

- (a) the Previous Issue did not breach Listing Rule 7.1 when the Equity Securities were issued; and
- (b) the Previous Issue is subsequently approved by Shareholders (Shareholder Ratification)

Shareholder approval is now sought for the issues of securities set out below, pursuant to ASX Listing Rule 7.4, to reinstate the Company's capacity to issue up to 15% of its ordinary issued capital under ASX

Listing Rule 7.1 without seeking further Shareholder approval.

ASX Listing Rule 7.5

ASX Listing Rule 7.5 requires the following information to be provided to shareholders in relation to the Placement Shares:

- a) 91,396,850 February-March Placement Shares were issued pursuant to ASX Listing Rule 7.1 (Resolution 1).
- b) The February-March Placement shares were issued at an issue price of \$0.04 per share.
- c) The February-March Placement shares rank equally in all respects with the Company's existing ordinary shares on issue.
- d) The February-March Placement shares were issued to sophisticated and professional investors.
- e) Funds raised from the February-March Placement will be used to make part of the cash payment required for the early close-out of the Convertible Securities facility, produce further high purity samples from the pilot plant for downstream participants (off-takers) to conduct qualification testing using the Lilac direct extraction process, the development, construction, transport and operation of the direct extraction pilot plant, the completion of the Pre-Feasibility Study (PFS), general exploration, the costs of the SPP Offer and the Placement, and to provide additional working capital to accelerate drilling at the Company's Cauchari and Olaroz projects, for the PFS and pilot plant at the Company's Kachi project and for additional working capital.
- f) A voting exclusion statement applies to this item of business, as set out in the Notice.

Directors' recommendation

The Board unanimously recommends that Shareholders vote in favour of Resolutions 1 and 2.

Resolutions 3, 4 and 5 – Ratification of prior issue of Convertible Securities Close Out Shares, the Convertible Securities and the Facility Options made in accordance with ASX Listing Rule 7.1

In accordance with ASX Listing Rule 7.4, the Company is seeking shareholder approval and ratification of the prior issue and allotment of:

- (a) 11,558,021 shares were issued on 11 February 2020 to the holders of Convertible Securities as part of the Convertible Securities Facility Close-Out Shares and were issued under ASX Listing Rule 7.1A (**Facility Close-out Shares**); and
- (b) 1,650,000 unsecured convertible securities with a Face Value of \$1.00 per security were issued on 28 October 2019 (estimated to be convertible into 48,245,614 ordinary shares) (**Convertible Securities**) (closed out in February 2020); and
- (b) 18,300,000 unlisted Options exercisable at \$0.046 on or before 28 October 2022 were issued on 28 October 2019 (**Facility Options**).

The Facility Close-out Shares were issued on 11 February 2020 under ASX Listing Rule 7.1 to a sophisticated and professional investor pursuant to a Convertible Securities Termination Agreement (**Facility Close-out Shares Issue**). The Convertible Securities and the Facility Options were issued on 28 October 2019 under ASX Listing Rule 7.1 to a sophisticated and professional investor pursuant to a Convertible Securities Agreement.

As announced by the Company to the ASX on 28 February 2019 and 24 October 2019, the Facility Options were issued as part of a second investment amount of \$1.5 million extending the unsecured convertible security financing package facility in addition to the first investment amount of A\$1.65 million. The Company agreed to issue 1,650,000 unsecured convertible securities convertible securities to the investor, together with 18,300,000 unlisted Options in accordance with the terms and conditions

of this agreement. The Notes issued are unsecured debt securities and are convertible into ordinary shares

Full terms and conditions of the Facility Options are set out on in Schedule 1.

ASX Listing Rule 7.1

ASX Listing Rule 7.1 restricts listed companies in relation to the number of equity securities that they can issue or agree to issue without shareholder approval. Generally, a listed company cannot, in any 12 month period, issue a number of equity securities which is more than 15% of its capital without prior shareholder approval (15% limit), unless an exception applies. The Company has not exceeded this 15% limit.

ASX Listing Rule 7.4

Under ASX Listing Rule 7.4, an issue of securities made without approval under ASX Listing Rule 7.1 is treated as having been made with approval if the issue:

- (a) did not breach ASX Listing Rule 7.1 (i.e. the issue did not exceed the 15% limit under ASX Listing Rule 7.1 at the time of the issue); and
- (b) holders of the ordinary securities subsequently approve the issue.

Shareholder approval was not required at the time of the Convertible Securities Issue. However, pursuant to ASX Listing Rule 7.4, the Company is now seeking shareholder approval for the Convertible Securities Issue to enable it to issue further capital, if required, during the 12 month period after the Convertible Securities Issue under ASX Listing Rule 7.1, without seeking further shareholder approval.

ASX Listing Rule 7.5

Pursuant to ASX Listing Rule 7.5, the following information is provided to shareholders in respect of ASX Listing Rule 7.4 approval in relation to the Resolutions 3 and 4:

(a) **The number of securities issued:**

The total number of securities issued under Listing Rule 7.1 was:

- (1) 1,650,000 Convertible Securities, estimated to be convertible into 48,245,614 ordinary shares; and
- (2) 18,300,000 Financing Options.

The total number of securities issued under Listing Rule 7.1A was:

- (1) 11,558,021 ordinary shares issued on 11 February 2020 as part of the Convertible Securities Facility Close-Out Shares.

(b) **The price at which the securities were issued:**

- (1) The Convertible Securities were issued and able to convert at a price per Convertible Security as set out in the terms and calculation below.
- (2) The Financing Options were issued for nil cash consideration.
- (3) The Convertible Securities Facility Close-Out Shares were issued for a consideration of \$0.04 per share.

(c) **The names of the persons to whom the entity issued the securities or the basis on which those persons were determined:**

The Convertible Securities and Financing Options and Convertible Securities Facility Close-Out Shares were issued to SBI Investments (PR) LLC, an investor invited to subscribe for the Convertible Securities.

(d) **The use (or intended use) of the funds raised:**

The funds raised from the Convertible Securities Issue was used by the Company towards:

- (1) advancing the preliminary feasibility study at Kachi;
- (2) accelerating drilling at the Cauchari/Olaroz projects;
- (3) repaying a portion of the Company's outstanding short term debt; and
- (4) working capital.

The use of the Convertible Securities Facility Close-Out Shares was an equity portion as consideration for the early termination of the Convertible Securities Agreement under the terms of the Convertible Securities Termination Agreement, together with a cash portion.

(e) **The terms of the second investment amount of the unsecured Convertible Securities facility are as follows:**

- (1) **Maturity Date:** 12 months from the date of issue.
- (2) **Interest Rate:** 12% per annum compounded monthly, payable quarterly in advance in cash.
- (3) **Conversion:** The Convertible Securities are able to convert to fully paid ordinary shares as set out in the calculation below and will rank equally in all respects with the Company's existing ordinary shares on issue. The Convertible Securities may be converted into fully paid ordinary shares (Shares) within 5 Business Days of receipt of a conversion notice from Investor.

The Convertible Securities will be converted in accordance with the following formula:

$$\text{Number of Shares} = \text{ARA} / \text{Conversion Price}$$

Where:

ARA means the aggregate of the Repayment Amount of the Convertible Security being converted by the Investor, plus any accrued (but unpaid) Interest which is due and payable on the Conversion Date.

Conversion Price means 90% of three VWAP's of the Shares selected by the Investor for the 20 trading days ending on the date of the Conversion Notice.

(f) **The terms of the Financing Options:**

The Financing Options issued are exercisable at \$0.046 on or before 28 October 2022. The Financing Options, if exercised, will become fully paid ordinary shares and will rank equally in all respects with the Company's existing ordinary shares on issue.

The full terms and conditions of the Financing Options are set out on in Schedule 1.

A voting exclusion statement applies to this item of business, as set out in the notice.

Directors' recommendation

The Directors believe that the approval and ratification of this issue is beneficial for the Company as it will restore the Company's ability to issue further capital to the maximum 15% limit during the next 12 months and increase the base figure (i.e. variable 'A') in which the Company's 15% and 10% annual placement capacities are calculated, which in turn will allow a proportionately higher number of securities to be issued without Shareholder approval.

Accordingly, the Directors unanimously recommend that Shareholders vote in favour of Resolutions 3 and 4 and 5.

Enquiries

Shareholders are asked to contact the Company Secretary on (02) 8098 1163 if they have any queries in respect of the matters set out in these documents.

Glossary

AEST means Australian Eastern Standard Time as observed in Sydney, New South Wales.

Associate has the meaning given to it by the ASX Listing Rules.

ASX means ASX Limited ACN 008 624 691 or the financial market operated by it, as the context requires, of 20 Bridge Street, Sydney NSW 2000.

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

Board means the current board of Directors of the Company.

Chair means the person chairing the Meeting.

Company or **LKE** means Lake Resources N.L. ACN 079 471 980.

Convertible Securities means the issue of 1,650,000 unsecured convertible securities with a Face Value of \$1.00 per security which were issued on 28 October 2019 to sophisticated and professional investors as announced by the Company on 24 October 2019.

Corporations Act means the *Corporations Act 2001* (Cth) as amended or replaced from time to time.

Director means a current director of the Company.

Dollar or "\$" means Australian dollars.

Explanatory Statement means the explanatory statement accompanying this Notice of Meeting.

Extraordinary General Meeting or **EGM** or **Meeting** means the meeting of the Company's members convened by this Notice of Meeting.

February-March Placement means the placement to sophisticated and professional investors as announced by the Company on 10 February 2020, 20 February 2020, 27 February 2020, 28 February 2020 and 13 March 2020 and issued on 24 February 2020, 28 February 2020 and 13 March 2020.

Facility Close-out Shares means the shares announced on 10 February 2020 and issued on 11 February 2020 to the holders of Convertible Securities as part of the Convertible Securities Facility Close-Out Shares

Facility Options means the issue of 18,300,000 unlisted Options exercisable at \$0.046 on or before 28 October 2022 which were issued on 28 October 2019 to a sophisticated and professional investor as announced by the Company on 24 October 2019.

Notice, Notice of Meeting or **Notice of Extraordinary General Meeting** means this notice of extraordinary general meeting dated Thursday 9 April 2020 including the Explanatory Statement.

Ordinary Resolution means a resolution that can only be passed if at least 50% of the total votes cast by Shareholders entitled to vote on the resolution are voted in its favour at the meeting.

Proxy Form means the proxy form attached to this Notice of Meeting.

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

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

Shareholder means a holder of a Share.

Share Registry means Automic Registry Services

Schedule 1 - Terms and Conditions of Facility Options

The Options, to be issued will have the following terms and conditions:

- (a) The Options will be exercisable at \$0.046 each (Exercise Price).
- (b) Unless earlier exercised, the Options will expire at 5:00pm AEST on 28 October 2022 (Expiry Date). Options not exercised before the Expiry Date will expire.
- (c) The Options will entitle the holder to subscribe for one Share in the Company.
- (d) The Options are exercisable at any time prior to the Expiry Date.
- (e) The Options may be exercised at any time wholly or in part by delivering a duly completed form of notice of exercise together with a cheque for the full payment of the Exercise Price to the registered address of the Company at any time prior to the Expiry Date.
- (f) Upon the valid exercise of the Options and payment of the Exercise Price, the Company will issue fully paid ordinary shares ranking pari passu with the existing Shares of the Company.
- (g) The Option holder will be permitted to participate in new issues of securities of the Company on the prior exercise of the Options, in which case the holder of the Options will be afforded such period of notice as prescribed under the Listing Rules prior to and inclusive of the books closing date (to determine entitlements to the issue) to exercise the Options.
- (h) In the event of any reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Company:
 - (1) the number of Options, the exercise price of the Options, or both will be reconstructed (as appropriate) in a manner consistent with the Listing Rules of the ASX with the intention that such reconstruction will not result in any benefits being conferred on the holders of the Options which are not conferred on shareholders; and
 - (2) subject to the provisions with respect to rounding of entitlements as sanctioned by a meeting of shareholders approving a reconstruction of capital, in all other respects the terms for the exercise of the Options will remain unchanged.
- (i) If there is a pro rata issue (except a bonus issue), then:
 - (1) at the time of the pro rata issue (except a bonus issue), the exercise price of an Option may be reduced according to the following formula:
$$O_n = O - E \frac{[P - (S + D)]}{N + 1}$$
Where:
 O_n = the new exercise price of the Option;

- O = the old exercise price of the Option;
- E = the number of underlying securities into which one Option is exercisable;
- P = the average market price per security (weighted by reference to volume) of the underlying securities during the five trading days ending on the day before the ex right date or the ex entitlements date;
- S = the subscription price for a security under the pro rata issue;
- D = dividend due but not yet paid on the existing underlying securities (except those to be issued under the pro rata issue);
- N = the number of securities with rights or entitlements that must be held to receive a right to one new security.

Otherwise the exercise price of the Option shall remain unchanged.

- (j) If there is a bonus issue to the holders of shares in the Company, the number of shares over which the Option is exercisable may be increased by the number of shares which the option holder would have received if the Option had been exercised before the record date for the bonus issue.
- (k) The terms of the Options shall only be changed if holders (whose votes are not to be disregarded) of ordinary shares in the Company approve of such a change. However, the terms of the Options shall not be changed to reduce the exercise price, increase the number of Options or change any period for exercise of the Options.
- (l) The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian Securities laws.

Holder Number:

Vote by Proxy: LKE

Your proxy voting instruction must be received by **11.00am (AEST) on Tuesday, 12 May 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

In the interests of public health and safety of our Shareholders, the Company is not able to allow Shareholders to physically attend the Shareholder Meeting. Please refer to the accompanying Notice of Meeting for further information.

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.



