



LARK DISTILLING CO. LTD
ACN 104 600 544

Notice of Annual General Meeting

Explanatory Statement and Proxy Form

Date of Meeting:
Thursday, 23 November 2023

Time of Meeting:
10.00AM (AEDT)

This Notice of Annual General Meeting and Explanatory Statement should be read in its entirety. If shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional advisor without delay.

LARK DISTILLING CO. LTD

ACN 104 600 544

Registered Office: Level 1, 91-93 Macquarie Street, Hobart TAS 7000

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting (AGM or Meeting) of the Shareholders of Lark Distilling Co. Ltd (Company) will be held virtually via a webinar conference facility at 10.00am (AEDT) on Thursday, 23 November 2023 (Annual General Meeting", "AGM" or "Meeting").

Shareholders are strongly encouraged to submit their proxies as early as possible and in any event prior to the cut-off for proxy voting as set out in the Notice. To lodge your proxy, please follow the directions on your personalised proxy form which will be enclosed with a copy of the Notice, delivered to you by email or post (depending on your communication preferences).

Shareholders attending the AGM virtually will be able to ask questions and the Company has made provision for Shareholders who register their attendance before the start of the meeting to also cast their votes on the proposed resolutions at the AGM.

The virtual meeting can be attended using the following details:

When: 10:00am (AEDT) on Thursday, 23 November 2023

Topic: LRK Annual General Meeting

Register in advance for this webinar:

https://vistra.zoom.us/webinar/register/WN_0CHD_sNyQruWYB7IWUPszg

After registering, you will receive a confirmation email containing information about joining the meeting. As noted previously, the Company strongly recommends its shareholders to lodge a directed proxy as soon as possible in advance of the meeting even if they are planning to attend the Meeting online. The Company will conduct a poll on each resolution presented at the meeting. The Company will accept questions during the meeting either by submitting a question through the Q&A box located on screen or by raising the hand function also located on screen at which point the Company will allow your question verbally.

The Company is happy to accept and answer questions submitted prior to the Meeting by email to melanie.leydin@vistra.com. The Company will address the relevant question during the course of the Meeting or by written response after the Meeting (subject to the discretion of the Company not to respond to unreasonable and/or offensive questions).

Any shareholders who wish to attend the AGM should monitor the Company's website and its ASX announcements for any updates about the AGM. If it becomes necessary or appropriate to make alternative arrangements for the holding or conducting of the Meeting, the Company will make further information available through the ASX website at asx.com.au (ASX: LRK) and on its website at <https://larkdistillery.com/investor-centre/>.

AGENDA

The Explanatory Statement and proxy form which accompany and form part of this Notice, include defined terms and describe in more detail the matters to be considered. Please consider this Notice, the Explanatory Statement and the proxy form in their entirety.

ORDINARY BUSINESS

Receipt and consideration of Accounts & Reports

To receive and consider the financial report of the Company and the related reports of the Directors (including the Remuneration Report) and auditors for the year ended 30 June 2023.

Note: Except for as set out in Resolution 1, there is no requirement for Shareholders to approve these reports. Accordingly, no resolution will be put to Shareholders on this item of business.

Resolution 1: Adoption of Remuneration Report

To consider and, if thought fit, to pass the following resolution as a non-binding ordinary resolution:

"That for the purpose of section 250R(2) of the Corporations Act, the Remuneration Report (included in the Directors' Report) for the financial year ended 30 June 2023 be adopted as described in the Explanatory Statement."

Note: In accordance with section 250R(3) of the Corporations Act, the vote on Resolution 1 is advisory only and does not bind the Directors or the Company. The Directors will consider the outcome of the vote and comments made by Shareholders on the Remuneration Report at the Meeting when reviewing the Company's remuneration policies.

A voting exclusion statement as set out below in this Notice applies to this Resolution.

Resolution 2: Re-election of Ms Laura McBain as a Director of the Company

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That Ms Laura McBain, who retires by rotation pursuant to clause 13.3 of the Company's Constitution and ASX Listing Rule 14.5, being eligible and offering herself for re-election, be re-elected as a Director of the Company."

Resolution 3: Approval of Non-Executive Director Share Rights Plan

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That approval is given for the purposes of ASX Listing Rule 10.14 and for all other purposes, to approve the Company's Non-Executive Director Share Rights Plan and the issue of securities (the grant of share rights and the allocation of fully paid ordinary shares in the Company on vesting and exercise of those share rights) to Non-Executive Directors who choose to salary sacrifice a portion, or all, of their fees for FY2024, FY2025 and FY2026 under the Non-Executive Director Share Plan and on the terms described in the Explanatory Memorandum."

A voting exclusion applies to this Resolution as outlined in the Explanatory Memorandum.

Resolution 4: Approval of Non-Executive Director Remuneration Pool Increase

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That, subject to Resolution 1 passing, and in accordance with clause 13.4(a) of the Company's Constitution and ASX Listing Rule 10.17 and for all other purposes, the maximum aggregated annual Director's fees payable to Non-Executive Directors for the financial year from and including the year commencing 1 July 2023, be increased from \$300,000 per annum to \$400,000 per annum as described in the Explanatory Memorandum."

Resolution 5: Approval of Appointment of Auditor

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That, for the purposes of section 327B(1) of the Corporations Act and for all other purposes, RSM Australia Partners, having consented in writing to act and being duly nominated in accordance with section 328B(1) of the Corporations Act 2001, be appointed as auditor of the Company to hold office from the conclusion of this Meeting until it resigns or is removed from the office of auditor of the Company and that pursuant to section 331 and other applicable provisions of the Corporations Act, RSM Australia Partners be paid remuneration as may be mutually agreed between the auditors and the Board of Directors of the Company."

Resolution 6: Approval of the issue of Equity Securities under Company's Equity Incentive Plan

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That, under and for the purposes of ASX Listing Rule 7.2 Exception 13(b), and for all other purposes, approval is given for the Company to issue Equity Securities under the Company's Equity Incentive Plan as an exception to Listing Rule 7.1 on the terms and conditions as set out or described in the Explanatory Statement which accompanies and forms part of this Notice of Meeting."

A voting exclusion statement as set out below in this Notice applies to this Resolution.

SPECIAL BUSINESS:

Resolution 7: Reinsertion of Proportional Takeover Provision

To consider and, if thought fit, pass the following resolution as a special resolution:

"That the proportional takeover provisions contained in Clause 11 of the Company's Constitution be reinserted with effect from the date of the Meeting"

There are no voting exclusions on this Resolution.

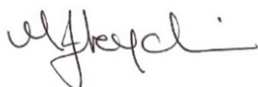
Resolution 8: Approval of 10% Placement Facility

To consider and, if thought fit, pass the following resolution as a special resolution:

"That, pursuant to and in accordance with ASX Listing Rule 7.1A and for all other purposes, shareholders approve the issue of equity securities up to 10% of the fully paid ordinary issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 and on the terms and conditions in the Explanatory Statement."

A voting exclusion does not apply to this Resolution.

By order of the Board



Melanie Leydin
Company Secretary
Dated: 23 October 2023

Notes

1. **Entire Notice:** The details of the resolutions contained in the Explanatory Statement accompanying this Notice of Meeting should be read together with, and form part of, this Notice of Meeting.
2. **Record Date:** The Company has determined that for the purposes of the Annual General Meeting, Shares will be taken to be held by the persons who are registered as holding the shares at 7.00pm (AEDT) on the date 48 hours before the date of the Annual General Meeting. Only those persons will be entitled to vote at the Annual General Meeting and transfers registered after that time will be disregarded in determining entitlements to attend and vote at the Annual General Meeting. On a poll, members have one vote for every fully paid ordinary share held.

3. Voting

Each of the resolutions proposed at the Meeting will be decided on a poll.

4. Proxies

- a. Votes at the Annual General Meeting may be given personally or by proxy, attorney or representative.
- b. Each Shareholder has a right to appoint one or two proxies.
- c. A proxy need not be a Shareholder of the Company.
- d. If a Shareholder is a company it must execute under its common seal or otherwise in accordance with its constitution or the Corporations Act.
- e. Where a Shareholder is entitled to cast two or more votes, the Shareholder may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise.
- f. If a Shareholder appoints two proxies, and the appointment does not specify the proportion or number of the Shareholder's votes, each proxy may exercise half of the votes. If a Shareholder appoints two proxies, neither proxy may vote on a show of hands.
- g. A proxy form must be signed by the Shareholder or their attorney who has not received any notice of revocation of the authority. Proxies given by corporations must be signed in accordance with corporation's constitution and the Corporations Act.
- h. If you sign the proxy form and do not appoint a proxy, you will have appointed the Chair of the meeting as your proxy.
- i. To be effective, proxy forms must be received by the Company's Share Registry (Boardroom Pty Limited) no later than 48 hours before the commencement of the Annual General Meeting, this is no later than 10.00am (AEDT) on Tuesday, 21 November 2023. Any proxy form received after that time will not be valid for the scheduled meeting.

5. Corporate Representative

Any corporate shareholder who has appointed a person to act as its corporate representative at the Meeting should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative. The authority may be sent to the Company and/or registry in advance of the Meeting or handed in at the Meeting when registering as a corporate representative.

6. How the Chair will vote Undirected Proxies

Subject to the restrictions set out in Note 7 below, the Chair of the meeting will vote undirected proxies in favour of all of the proposed resolutions. In exceptional circumstances, the Chair may change their voting intention on the Resolution, in which case an ASX announcement will be made. Shareholders may also choose to direct the Chair to vote against the Resolution or to abstain from voting.

7. Voting Exclusion Statement:

Resolution 1

In accordance with sections 250R(4) and 250BD(1) of the Corporations Act, a vote must not be cast (in any capacity, including as a proxy), and the Company will disregard any votes purported to be cast, on this Resolution by, or on behalf of, a member of the Key Management Personnel, details of whose remuneration are included in the remuneration report, or a Closely Related Party of such a member (**KMP voter**), unless the KMP voter is casting a vote on this Resolution on behalf of a person who is not a KMP voter (including as a proxy) and either:

- (a) the KMP voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the resolution; or
- (b) the KMP voter is 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 key management personnel for the Company or the consolidated entity.

If you appoint the Chair as your proxy and you do not direct the Chair how to vote, you will be expressly authorising the Chair to exercise the proxy even if the relevant resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company.

If the Chair of the Meeting is appointed as a proxy for a person who is permitted to vote on this Resolution, the Chair will vote any proxies which do not indicate on their Proxy Form the way the Chair must vote, in favour of this Resolution. In exceptional circumstances, the Chair may change his or her voting intention on the Resolution, in which case an ASX announcement will be made. Shareholders may also choose to direct the Chair to vote against the Resolution or to abstain from voting.

If you purport to cast a vote other than as permitted above, that vote will be disregarded by the Company (as indicated above) and you may be liable for breaching the voting restrictions that apply to you under the Corporations Act.

A further restriction also applies to Key Management Personnel and their closely related parties voting undirected proxies on this resolution – see **Restriction on KMPs voting undirected proxies** below.

Resolution 2

There are no voting exclusions on this Resolution.

Resolution 3

The Company will disregard any votes cast in favour of this resolution by or on behalf of:

- (a) a person referred to in Listing Rule 10.14.1 (a director of the Company), 10.14.2 (an associate of a director of the Company) or 10.14.3 (a person whose relationship with the Company or a director of the Company or their associate is such that the ASX is of the opinion that the acquisition should be approved by security holders), who is eligible to participate in the Company's Non-Executive Director Share Rights Plan; or
- (b) an associate of that person or those persons;

However, this does not apply to a vote cast in favour of the resolution by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way;
- (b) the chair of the meeting 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; and
- (c) a holder 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 holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on this resolution; and
 - (ii) the holder votes on this resolution accordance with directions given by the beneficiary to the holder to vote in that way.

A further restriction also applies to Key Management Personnel and their closely related parties voting undirected proxies on this resolution – see **Restriction on KMPs voting undirected proxies** below.

Resolution 4

The Company will disregard any votes cast in favour of the resolution by or on behalf of:

- (a) A director of the Company ; or
- (b) an associate of that person or those persons;

However, this does not apply to a vote cast in favour of the resolution by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way;
- (b) the chair of the meeting 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; and
- (c) a holder 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 holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on the resolution; and
 - (ii) the holder votes on the resolution accordance with directions given by the beneficiary to the holder to vote in that way.

A further restriction also applies to Key Management Personnel and their closely related parties voting undirected proxies on this resolution – see **Restriction on KMPs voting undirected proxies** below.

Resolution 5

There are no voting exclusions on this Resolution.

Resolution 6

The Company will disregard any votes cast in favour on this resolution by or on behalf of a person who is eligible to participate in the EIP and any associate of that person or persons.

However, this does not apply to a vote cast in favour of a resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- (b) the chair of the meeting 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 holder 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 holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

A further restriction also applies to Key Management Personnel and their closely related parties voting undirected proxies on this resolution – see **Restriction on KMPs voting undirected proxies** below.

Resolution 7

There are no voting exclusions on this Resolution.

Resolution 8

As at the date of dispatch of this Notice, the Company is not proposing to make an issue of Equity Securities under Listing Rule 7.1A.2 and, therefore, a voting exclusion statement on this Resolution is not currently required by Listing Rule 7.3A.7.

However, if, between the date of dispatch of this Notice and the date of the Meeting, the Company proposes to make an issue of Equity Securities under Listing Rule 7.1A.2, the Company will disregard votes cast in favour of Resolution 4 by or on behalf of:

- (a) any person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company); or
- (b) an associate of that person or those persons.

However, this does not apply to a vote cast in favour of the resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- (b) the Chair of the meeting 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 holder 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 holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on Resolution 5; and
 - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

8. Special Resolutions

Resolutions 7 and 8 are proposed as a special resolution. For a special resolution to be passed, at least 75% of the votes validly cast on the resolution by shareholders (by number of shares) must be in favour of the resolution.

9. Restriction on KMPs voting undirected proxies:

In accordance with section 250BD of the Corporations Act, a vote must not be cast as proxy on any of Resolutions 1, 3, 4 or 6 by a member of the Key Management Personnel (as defined by the Corporations Act) or a closely related party of Key Management Personnel, where the proxy appointment does not specify the way the proxy is to vote on the Resolution, and any such vote purported to be cast will be disregarded.

However, a person described above (a “**Restricted Voter**”) may cast a vote on any of Resolutions 1, 3, 4 or 6 as a proxy if:

- (a) The Restricted Voter is the chair of the meeting; and
- (b) the written appointment of the chair as proxy 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.

If you appoint the Chair as your proxy and you do not direct the Chair how to vote, you will be expressly authorising the Chair to exercise the proxy even if the relevant resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company.

10. Enquiries

Shareholders are invited to contact the Company Secretary on (03) 9692 7222 if they have any queries in respect of the matters set out in these documents.

EXPLANATORY STATEMENT

Purpose of Information

This Explanatory Statement (**Statement**) accompanies and forms part of the Company's Notice of Annual General Meeting (**Notice**) for the 2023 Annual General Meeting (**Meeting**).

The Notice incorporates, and should be read together, with this Statement.

Receipt and consideration of Accounts & Reports

A copy of the Annual Report for the financial year ending 30 June 2023 which incorporates the Company's Financial Report, Directors' Report (including the Remuneration Report and the Auditors' Report) is not enclosed as there is no longer a requirement for the Company to incur the printing and distribution cost associated with doing so for all Shareholders. You may obtain a copy free of charge in hard copy form by contacting the Company by phone at (03) 9692 7222, and you may request that this occurs on a standing basis for future years.

Alternatively, you may access the Annual Report at the Company's website: <https://larkdistillery.com/investor-centre/> or via the Company's announcement platform on ASX.

Except for as set out in Resolution 1, no resolution is required on these reports.

Shareholders will have the opportunity to ask questions about or make comments on, the 2023 Annual Report and the management of the Company. The auditor will be invited to attend, to answer questions about the audit of the Company's 2023 Annual Financial Statements.

Resolution 1: Adoption of Remuneration Report

Background

Section 250R(2) of the Corporations Act requires that a resolution to adopt the Remuneration Report must be put to the vote at the Annual General Meeting. The vote on this Resolution is advisory only and does not bind the Directors or the Company in accordance with s250R(3) of the Corporations Act.

The Remuneration Report is set out in the Directors' Report in the Company's 2023 Annual Report. The Remuneration Report sets out the Company's remuneration arrangements for the Directors and senior management of the Company.

In accordance with section 250SA of the Corporations Act, Shareholders will be provided with a reasonable opportunity to ask questions concerning, or make comments on, the Remuneration Report at the Annual General Meeting.

In accordance with Division 9 of Part 2G.2 of the Corporations Act, if twenty five (25%) per cent or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive Annual General Meetings, Shareholders will be required to vote at the second of those Annual General Meetings on a resolution (a "spill resolution") that another meeting be held within 90 days at which all of the Company's Directors (other than the Managing Director) must go up for re-election.

It is noted that at the Company's last Annual General Meeting, the votes cast against the Remuneration Report represented less than twenty-five (25%) per cent of the total votes cast on that resolution and accordingly, a spill resolution will not under any circumstances be required for this Meeting.

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

Board Recommendation

Noting that each Director has a personal interest in their own remuneration from the Company (as such interests are described in the Remuneration Report) and, as described in the voting exclusions on this Resolution (set out in the Notice of Annual General Meeting), that each Director (or any Closely Related Party of a Director) is excluded from voting their shares on this Resolution, the Board encourages all eligible shareholders to cast their votes in favour of this Resolution.

Voting Intention

The Chair of the Meeting intends to vote undirected proxies in favour of this Resolutions.

Voting Exclusions

Refer to Note 7 for voting exclusions.

Resolution 2: Re-election of Ms Laura McBain as a Director of the Company

Background

In accordance with ASX Listing Rule 14.5 and clause 13.3(b) the Company's Constitution, Ms Laura McBain will retire at the Annual General Meeting and, being eligible, will offer herself for re-election at the Meeting.

Ms McBain is an accomplished CEO, Managing Director and Non-Executive Director and joined the Company's Board on 26 November 2020. Her track record includes serving as Managing Director/CEO at Bellamy's Australia Limited, as Managing Director of Maggie Beer Holdings Limited, and as a Non-Executive Director of Export Finance Australia.

Currently, Ms McBain holds the position of Non-Executive Director at Capital Health Limited (ASX: CAJ). Ms. McBain is an esteemed Non-Executive Director for Tasmanian Government entity Tasmanian Irrigation Pty Ltd, showcasing her commitment to contributing her expertise to the public sector. She was also recently appointed to the inaugural board of the Tasmanian AFL Club.

Ms McBain was honoured as the Telstra Tasmanian Businesswoman of the Year in 2013 and subsequently received the title of Telstra Australian Businesswoman of the Year for 2013 (Private and Corporate). She holds a Bachelor of Commerce and completed the Institute for Management Development Leadership Challenge in 2013. Additionally, in 2017, she successfully completed the CEIBS-Wharton-IESE Business School Global CEO Programme, further enhancing her executive leadership skills.

The Board does not consider Ms McBain to be an independent Director.

Board Recommendation

The Board (with Ms McBain abstaining) recommends that Shareholders vote in favour of the election of Ms McBain as it considers that her experience, skills and expertise are appropriate for the Board position and will enable her to act in the best interests of the Company and its shareholders.

Voting Intention

The Chair of the meeting intends to vote undirected proxies in favour of Ms McBain's re-election.

Voting Exclusions

Refer to Note 7 for voting exclusions.

Resolution 3: Approval of Non-Executive Director Share Rights Plan

Background

Shareholders are being asked to approve the issue of securities (grant of share rights (**Rights**)) to Non-Executive Directors of the Company (**NEDs**) under the Company's Non-Executive Director Share Rights Plan (**NEDSP**) in FY2024, FY2025 and FY2026 and for the allocation of Shares on exercise of those share rights.

Following a review by the Company's existing remuneration arrangements for its Non-Executive Directors, the Board has determined that annual remuneration paid to NEDs may be delivered in cash and/or equity, subject to shareholder approval as required. The proposed NEDSP is intended to support NEDs to develop a meaningful shareholding in the Company and as a means of aligning the interests of NEDs and shareholders generally through the diversion of current and future cash remuneration to equity. In addition, it will assist the Company in implementing its cost reduction strategies and maintain its cash reserves.

The key element of the NEDSP for current NEDs is that it provides the opportunity for NEDs to sacrifice part or all of their cash fees in favour of Equity Securities under this plan to build their shareholding in the Company. As the NEDSP involves salary sacrificing it does not result in any increased to NED's fees.

The NEDSP does not attach any performance measures to vesting. This is in line with best practice governance standards which recommend that non-executive directors generally should not receive equity with performance hurdles attached as it may lead to bias in decision-making and compromise their objectivity and in turn their independence.

Why is approval required?

ASX Listing Rules 10.14 requires shareholders to approve any acquisition of securities by the following persons under an employee incentive scheme: :

- (a) 10.14.1 – a director of the company;
- (b) 10.14.2 – an associate of a director of the company; or
- (c) 10.14.3 – a person whose relationship with the company or person being referred to in ASX Listing Rule 10.14.1 or 10.14.2 is such that, in ASX's opinion, the acquisition should be approved by its shareholders.

The issue of Rights to the NEDs under the NEDSP falls within ASX Listing Rule 10.14.1 (or 10.14.2, in the case of the NED's nominee). Approval would not be required if the Shares to be acquired by NEDs under the NEDSP are purchased on-market. However, the Company intends to issue new Shares to NEDs upon exercise of Rights under the NEDSP to minimize the cash outflows for the Company and therefore seeks shareholder approval to do so.

ASX Listing Rule 7.1 requires shareholders to approve the issue of securities if the securities will, when aggregated with the securities issued by the entity during the previous 12 months, exceed 15% of the number of securities on issue at the commencement of that 12-month period. However, separate approval is not required under ASX Listing Rule 7.1 if shareholder approval is given under Listing Rule 10.14.

Resolution 3 seeks the required shareholder approval to the issue of Rights under and for the purposes of ASX Listing Rule 10.14.

If Resolution 3 is passed, the Company will be able to proceed with the issue of rights to NEDs and incentivize their performance through non-cash methods. If Resolution 3 is not passed, the Company will not be able to issue the Rights to the NEDs and will continue to remunerate the NEDs by cash, preventing the Company from implementing its cost reduction strategies and maintain cash reserves, and may have to find alternative arrangements to align the NEDs interests with that of the Company's shareholders.

How does the NEDSP operate?

The NEDSP is a salary sacrifice plan pursuant to which NEDs may elect to sacrifice up to 100% of their annual NEDs fees to acquire Rights. Each Right is a right to be allocated (on exercise) one fully paid ordinary Share in the Company, subject to the terms of the grant.

Each NED will be provided with the number of Rights in the Company equal to the amount of fees sacrificed by the Non-Executive Director in the relevant financial year, divided by the volume weighted average price of Shares on the ASX for the thirty trading days preceding the grant date.

Rights are issued or granted quarterly and do not carry dividend or voting rights. Rights are not subject to performance conditions, which is consistent with best practice governance standards, which recommend that NEDs should not be granted equity with performance hurdles attached, as it may compromise their independence and lead to bias in their decision making.

Rights are subject to a service condition and where a participant ceases to be a NED of the Company:

- any Right which was granted in the financial year prior to the participant ceasing to be a director will automatically convert into Shares; and
- a pro rata portion of the Rights issued to the participant during the financial year in which the participant ceased to be a director will convert into Shares, as follows:

$$\text{Total Share Rights granted in that FY} \times \left(\frac{N}{\text{Days in that FY}} \right)$$

where 'N' is the number of days from the first day of that financial year up to, and including, the date on which

the participant ceased to be a director of the Company. All other Rights which do not automatically convert as set out and all other Rights will lapse.

When Rights are converted, the Company will issue Shares to the NED, which rank equally with other ordinary shares already on issue (including in respect of dividends and voting). The Board has discretion to apply restrictions on dealing in respect of those Shares (including in respect of holding or disposal).

Rights are converted to Shares and issued to NEDs on an annual basis.

If at any time the Board determines that the allocation of Rights (or Shares) would result in the Company breaching its Constitution, ASX Listing Rules, the Company's Securities Trading Policy or is otherwise inappropriate, the Board may defer the allocation of Rights or Shares until a more suitable time or pay cash in lieu of the same.

Who is eligible to participate?

The NEDs entitled to participate in the NEDSP are David Dearie, Laura McBain, Warren Randall and Domenic Panaccio. Approval for these participants is sought under ASX Listing Rule 10.14.1, each being Directors of the Company.

The Company will seek further approval if it intends for any other NED to participate in the NEDSP.

How many securities will be issued under the NEDSP?

The maximum number of securities to be acquired by current NEDs under the FY2024, FY2025 and FY2026 grants cannot be confirmed at this stage and will depend on the following factors including:

- The Company's share price at the time of each allocation of Share Rights;
- the number of NEDs in office from time to time;
- the portion of fees sacrificed by each NED in relation to each grant; and
- the level of fees paid to NEDs from time to time.

However, based on the current factors as outlined above the maximum amount of securities to be issued under the NEDSP is 693,843 based on the following calculations:

$$(A/B) \times C$$

Where:

- A** *Total Current Annual NED Fees (including any additional remuneration for NED's that they are entitled to under the Committee remuneration structure)*
- B** *Estimated Floor Price (calculated using a 30 day VWAP at 30 June 2023 being A\$1.51)*
- C** *Three being the Three-Year Period of the NEDSP until refreshment is required under the ASX Listing Rules.*

This is the first time the NEDSP has been put to shareholders for approval and therefore no NED has previously received securities under the NEDSP.

All NEDs in office from time to time may participate in the NEDSP. No current or future executive Director is eligible to participate.

Additional information required for Listing Rule 10.15

The following disclosures are made for the purposes of Listing Rule 10.15:

- (a) the securities issued under the NEDSP are Rights.
- (b) a summary of the material terms of the securities is as follows:
- (i) each Right is a right to be allocated (on conversion) one fully paid ordinary share in the Company.
 - (ii) Rights are subject to a service condition and will vest on the date specified in the relevant invitation letter issued by the Board in respect of that financial years' grant of Rights.
 - (iii) Rights do not carry dividend or voting rights.

- (iv) Shares issued to NEDs on conversion of Rights will rank equally with other ordinary shares on issue.
- (v) Rights that do not vest or are not exercised will lapse on the date that is 15 years from the relevant grant date, or as otherwise determined by the Board.
- (c) the Company has determined that Rights are an appropriate type of security to issue under the NEDSP as Rights:
 - (i) support NEDs to develop a meaningful shareholding in the Company;
 - (ii) align the interests of NEDs and shareholders generally through the diversion of current and future cash remuneration to equity; and
 - (iii) assist the Company in implementing its cost reduction strategies and maintain its cash reserves.
- (d) the value the Company attributes to each Right is A\$1.51 based off a 30 day VWAP to 30 June 2023 assuming the satisfaction of the service condition described above and those further to be determined by the Board (if any), and that the Performance Rights are exercised so that one Share in the Company is issued for each Right exercised (30 day VWAP to 30 June 2023 was A\$1.51).
- (e) the date on which Rights will be granted will be no later than 3 years after the date of this Meeting and is expected to occur on a quarterly basis at the end of each quarter, subject to approval of this Resolution.
- (f) Rights will be granted to NEDs at nil issue price.
- (g) a summary of the other material terms of the NEDSP is as follows:
 - (i) no loans will be made by the Company in relation to the grant of Rights to NEDs.
 - (ii) the Board has discretion to apply restrictions on dealing in respect of those Shares (including in respect of holding or disposal).
 - (iii) if at any time the Board determines that the allocation of Rights (or Shares) would result in the Company breaching its Constitution, ASX Listing Rules, the Company's Securities Trading Policy or is otherwise inappropriate, the Board may defer the allocation of Rights or Shares until a more suitable time or pay cash in lieu of the same.
 - (iv) upon retirement from the Board, NEDs are entitled to retain any vested Rights may be exercised for Shares. Any unvested Rights will lapse.
- (h) details of any Rights issued under the NEDSP will be published in each annual report of the Company relating to a period in which the Rights have been issued, along with a statement that the securities were issued under ASX Listing Rule 10.14.
- (i) any additional persons referred to in Listing Rule 10.14 who become entitled to participate in the NEDSP after this Resolution is approved and who were not named in this Notice of Meeting will not participate until approval is obtained under Listing Rule 10.14.

Details of the NED's current remuneration package are as follows (all fees below are denoted in AUD):

Non-Executive Directors	Annual NED Fee	Audit & Risk Committee	Total
David Dearie	\$120,000	-	\$120,000
Laura McBain	\$75,000	-	\$75,000
Warren Randall	\$75,000	-	\$75,000
Domenic Panaccio	\$75,000	\$5,000	\$80,000

The Directors currently do not receive any additional remuneration for a Committee they are Chair or Member of. However, it is proposed that the Chair and Members of the Audit & Risk Committee be remunerated as follows:

Sub-committee	Position	Remuneration (Per Annum)
Audit & Risk Committee	Chair	\$5,000
	Member	\$-

Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act regulates the provision by a public company of a "financial benefit" to a "related party". Section 208 of the Corporations Act prohibits:

- (a) a public company giving a financial benefit to a related party; or

- (b) a company which is controlled by the public company giving a financial benefit to a related party, unless one of a number of exceptions applies, or shareholder approval is obtained.

A “financial benefit” is defined in the Corporations Act in broad terms and includes a company issuing securities or granting an option to the related party. A “related party” includes a director, an entity over which a director has control and an entity which believes, or has reasonable grounds to believe, that it is likely to become a related party in the future. For the purposes of Chapter 2E of the Corporations Act, the “relevant person” is a related party of the Company.

The Directors, other than David Dearie, Laura McBain, Warren Randall and Domenic Panaccio (given their material personal interests in the Resolution), consider that shareholder approval is not required in respect of the issue of the Rights because the financial benefit is, in accordance with section 211(1) of the Corporations Act:

- (c) remuneration to a related party as an officer of a public company; and
- (d) reasonable given:
- (i) the circumstances of the public company giving the remuneration; and
 - (ii) the related party circumstances (including the responsibilities involved in the office).

Board Recommendation

Each NED abstains from providing a recommendation in respect of this Resolution because of their interest in the outcome of the Resolution.

Voting Intention

The Chair of the Meeting intends to vote undirected proxies in favour of this Resolution.

Voting Exclusions

Refer to Note 7 for voting exclusions.

Resolution 4: Approval of Non-Executive Director Remuneration Pool

Background

The Company seeks shareholder approval to increase the maximum aggregate fees paid to Non-Executive Directors of the Board by \$100,000, from \$300,000 to \$400,000 per annum. Shareholder approval is sought under Clause 13.4(a) of the Company’s Constitution and ASX Listing Rule 10.17.

The Board is seeking Shareholder approval to increase the current remuneration pool cap for the following reasons:

- (a) to enable the Company to maintain remuneration arrangements that are market-competitive, so it can attract and retain high calibre individuals as Non-Executive Directors with the appropriate experience, expertise, skills and diversity to oversee the Company’s business and strategic direction; and
- (b) to provide for Non-executive Directors’ fees to grow in the future to reflect market trends in the longer term.

Details of securities issued to Non-Executive Director under ASX Listing Rule 10.11 or 10.14 with the approval of Shareholders at any time in the preceding 3 years are as follows:

Non-Executive Director	Type of security	Number of securities	Date issued
Mr David Dearie	N/A	-	N/A
Ms Laura McBain	Performance Rights	90,000	29/11/2021
Mr Warren Randall	N/A	-	N/A
Mr Dominic Panaccio	N/A	-	N/A

Board Recommendation

Given the interest of the Directors in the outcome of this resolution, the Board does not make any recommendation on how Shareholders vote in respect to this Resolution.

Voting Intention

The Chair of the Meeting intends to vote undirected proxies in favour of this Resolution.

Voting Exclusions

Refer to Note 7 for voting exclusions.

Resolution 5: Approval of Appointment of Auditor

Background

The purpose of this resolution is to seek shareholder approval for the appointment of RSM Australia Partners as auditor in accordance with section 327 of the Corporations Act. Section 327B(1)(b) of the Corporations Act requires a public company to appoint an auditor at an Annual General Meeting where there is a vacancy.

Pursuant to section 328B of the Corporations Act, the Company received a valid notice of nomination which nominated the firm RSM Australia Partners to be appointed as the new auditors of the Company, a copy of which is annexed as Schedule 1 to this Explanatory Statement.

RSM Australia Partners was appointed by the Board to act as auditor of the Company following receipt of its written consent in accordance with section 328A of the Corporations Act and subsequent consent by ASIC to the resignation of the incumbent auditor, Deloitte on 5 April 2023.

RSM Australia Partners provided the Company its written consent to act, subject to Shareholder approval being obtained, as the Company's auditor in accordance with section 328A of the Corporations Act.

If this Resolution is passed by shareholders, the appointment of RSM Australia Partners as the Company's auditor will take effect from the close of the Meeting.

Board Recommendation

The Board recommends that shareholders vote in favour of this Resolution and provide approval for the ongoing appointment of RSM Australia Partners as auditor of the Company.

Voting Intention

The Chair of the Meeting intends to vote undirected proxies in favour of this Resolution.

Voting Exclusions

There are no voting exclusions on this resolution.

Resolutions 6: Approval of the issue of Equity Securities under the Company's Equity Incentive Plan

Background

On 22 November 2022 (**Prior Approval**), Shareholders approved the Equity Incentive Plan (**EIP**). The EIP applies to eligible directors, employees, consultants, and such other persons as the Board determines (including executive and non-executive directors, officers, employees, and contractors of the Company's subsidiaries) and enables those persons to be granted shares, options to acquire shares and other securities in the Company, and assists in achieving the objectives referred to above

The Board is committed to incentivising and retaining the Company's directors, employees and consultants in a manner which promotes alignment of their interests with shareholder interests. Additionally, the Board considers equity-based compensation an integral component of the Company's remuneration platform as it allows it to be fiscally prudent by conserving cash resources while still enabling it to offer market-competitive remuneration arrangements.

No directors or their associates can or will be issued shares, options or other securities or rights under the EIP unless shareholder approval of specific issues to them is obtained.

Approval is sought, for the purposes of Listing Rule 7.2, Exception 13(b), to issue up to 7,544,004 Equity Securities (shares, options or other rights each conditionally entitling the applicable holder to one fully paid ordinary shares upon exercise or achievement of the applicable milestone). Any additional issues under the EIP above that number would require further shareholder approval, unless they were made from the Company's 15% placement capacity under Listing Rule 7.1.

If Shareholders approve this Resolution, the grant of Equity Securities (and the issue of any new Shares pursuant to these Equity Securities) under the EIP will not be included in the 15% limit imposed by ASX Listing Rule 7.1 for a period of three years from the date of the Meeting.

If this Resolution is not approved by Shareholders, any Equity Securities issued by the Company under the EIP will be included in the formula to calculate the number of securities which the Company may issue in any 12-month period using ASX Listing Rule 7.1 (15% Placement Capacity).

ASX Listing Rules

ASX Listing Rule 7.1 requires that shareholder approval be received for an issue of securities if the securities will, when aggregated with the securities issued by the entity during the previous 12 months, exceed 15% of the number of securities on issue at the commencement of that 12-month period.

ASX Listing Rule 7.2 exception 13(b) provides an exception to ASX Listing Rule 7.1 for securities issued under an employee incentive scheme, such as the EIP, within 3 years after shareholder approval of the issue of Equity Securities under that scheme as an exception to Listing Rule 7.1. The Company therefore seeks approval of the issue of Equity Securities under the EIP pursuant to ASX Listing Rule 7.2 Exception 13(b) so that issues of securities under the EIP do not impede the capacity of the Company to issue up to a further 15% of its capital without shareholder approval.

Since 22 November 2022, the date on which shareholders approved the previous EIP, the Company has issued 739,857 securities under the EIP.

In the Board's opinion, this Resolution will assist the Company in managing its capital requirements efficiently by ensuring that the Company's annual issue limit is not diminished by issues of shares under the EIP, and capacity is available for capital management initiatives and acquisitions, if necessary and appropriate.

Information required for Listing Rule 7.2, exception 13(b)

Listing Rule 7.2, exception 13(b) requires the following information to be provided to members:

Summary of Terms and Conditions of the Company's Equity Incentive Plan

(a) Options & Performance Rights

Under the Plan, the Company may offer or issue to eligible employees:

- (i) **Options:** means an option issued to a Participant under the Plan to acquire a Share, subject to the terms of the Offer and these Rules.
- (ii) **Performance Rights:** means a conditional right issued to a Participant under the Plan to receive a Share, subject to the terms of the Offer and these Rules.

(b) Eligible Employees

Options & Rights may be granted to an Employee whom the Board determines is to be issued (or transferred) Shares, Options or Rights under the Plan.

An Employee means:

- (i) a full-time or part-time employee of a body corporate in the Group (including any employee on parental leave, long service leave or other special leave as approved by the Board);

- (ii) a director of a body corporate in the Group who holds a salaried employment or office in a body corporate in the Group;
- (iii) a Director (whether executive or non-executive); or
- (iv) a Deemed Eligible Employee.

(c) Price

The Issue Price (if any) in respect of a Share, Option or Right and the Exercise Price (if any) in respect of an Option or Right is as determined by the Board.

(d) Vesting and exercise of Options & Rights

The Options or Rights held by a participant in the Plan will vest in and become exercisable by that participant upon the satisfaction of any vesting conditions specified in the offer and in accordance with the rules of the Plan. Vesting conditions may be waived at the absolute discretion of the Board (unless such waiver is excluded by the terms of the Options or Rights).

(e) Corporate control event

If a Corporate Control Event occurs, all Unvested Shares, Unvested Options and Unvested Rights held by a Participant will vest.

If a Corporate Control Event occurs, the Company shall provide a Participant with 3 days' notice of the impending expiry of all Vested Shares, Vested Options and Vested Rights held by the Participant, and if they have not been exercised following the expiry of that 3 day period then they will lapse.

(f) Clawback

If any vesting conditions of an Option or Right are mistakenly waived or deemed satisfied when in fact they were not satisfied, then in accordance with the terms of the Plan, the Board may determine that the relevant Options or Rights expire and are incapable of being exercised (if not yet exercised), or it may otherwise recover from the relevant participant the after tax value of the vested Options or Rights which have been converted into shares.

(g) Re-organisation of share capital

If there is a reorganisation of capital of the Company (whether before or during the Exercise Period) then the rights of a Participant (including the number of Options or Rights to which each Participant is entitled and the Exercise Price, if any) are amended in accordance with the Listing Rules or as would be required by the Listing Rules if the Company was subject to the Listing Rules at the time of the reorganisation.

Corporations Act

The offer of Equity Securities under the EIP is occurring in accordance with Division 1A of Part 7.12 of the Corporations Act, which provides relief from the disclosure and certain other regulatory requirements of the Corporations Act.

Board Recommendation

As the Directors of the Company are excluded from voting pursuant to the Listing Rules, they make no recommendation to the Shareholders in respect of the EIP.

Voting Exclusions

Refer to Note 7 for voting exclusions.

Voting Intention

The Chair of the Meeting intends to vote all undirected proxies in favour of this Resolution.

Resolution 7: Reinsertion of Proportional Takeover Provision

Background

Clause 11 of the Constitution contained provisions dealing with shareholder approval requirements if there was to be any partial takeover bids for the Company's securities (**Proportional Takeover Provisions**).

A "proportional takeover bid" means an off-market bid for a specified proportion of the Company's securities held by each shareholder in a class for which a takeover bid has been made. It is not a bid for all securities held by all shareholders of that class, only part of the securities each holds.

Section 648G(1) of the Corporations Act provides that these Proportional Takeover Provisions cease to apply at the end of 3 years from their adoption (or last renewal) (**Sunset Date**). Given that Clause 11 was not renewed at the Sunset date, the Board believes it is appropriate that the Proportional Takeover Provisions of the Company's Constitution be reinserted.

In seeking shareholder approval for the reinsertion of the Proportional Takeover Provisions, the Corporations Act requires the below information to be provided to shareholders.

Effect of provisions proposed to be reinserted

Clause 11 of the Constitution provided that the Company was prohibited from registering any transfer of shares giving effect to a contract of sale pursuant to a proportional takeover bid unless and until after the proportional takeover bid had been approved by shareholders at a general meeting of the Company (**Approving Resolution**). The person making the offer for the securities (and their associates) could not vote on the Approving Resolution and the Approving Resolution required the approval of more than one half of shareholders entitled to vote at that meeting.

Reason for the resolution

Clause 11 of the Constitution is required to be reinserted as more than 3 years have passed since the last renewal of that provision of the Constitution. Section 648(G)(1) of the Corporations Act provides that Proportional Takeover Provisions such as provided in Clause 11 cease to apply at the end of 3 years from their adoption (or their last renewal).

The Board believes that shareholders should have the choice of considering whether to accept a bid for what might become control of the Company without the shareholders having the opportunity to dispose of all of their securities (rather than just some of their securities, as would be the case under a proportional takeover bid). To have this choice, Clause 11 needs to be reinserted. If Clause 11 is reinserted and any proportional takeover bid (if any) is subsequently approved by shareholders, each shareholder will still have the right to make a separate decision whether that shareholder wishes to accept the (proportional takeover) bid for their own securities.

Awareness of current acquisition proposals

As at the date of this Notice, none of the Directors are aware of any proposal for any person to acquire (or increase the extent of) a substantial interest in the Company from its current level.

Advantages and disadvantages of the Proportional Takeover Provisions since last renewed

As there have been no takeover bids made for any of the shares in the Company since the last renewal of the Proportional Bid Provisions, there has been no application of Clause 11.

Potential advantages and disadvantages of the Proportional Takeover Provision for both directors and shareholders

An advantage to the Directors of reinserting the Proportional Takeover Provisions is that the Board will be able to assess the shareholder's acceptance or otherwise of a proportional takeover bid should one be made.

As stated above, reinserting Clause 11 provides shareholders with the choice of considering whether to accept a bid for what might become control of the Company without shareholders having the opportunity to dispose of all of their securities (rather than just some of their securities, as would be the case under a proportional takeover bid). If Clause 11 is not reinserted, shareholders will not have this opportunity.

On the other hand, it may be argued that the reinsertion of Clause 11 may make proportional takeover bids more difficult to succeed and therefore effectively discourage proportional takeover bids being made and reduce the freedom for shareholders to sell some of their securities.

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

Board Recommendation

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

Voting Intention

The Chair intends to vote undirected proxies in favour of this Resolution.

Voting Exclusions

There are no voting exclusions on this resolution.

Resolution 8: Approval of 10% Placement Facility

Background

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 ("**10% Placement Facility**"). The 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

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

The Company is seeking shareholder approval by way of a special resolution to have the ability, if required, to issue Equity Securities under the 10% Placement Facility. The effect of this Resolution will be to allow the Directors to issue Equity Securities under Listing Rule 7.1A during the 10% Placement Period (as described below) without using the Company's 15% placement capacity under Listing Rule 7.1.

If Shareholders approve this Resolution, the number of Equity Securities permitted to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (see below).

If this Resolution is passed, the Company will be able to issue Equity Securities up to the combined 25% limit in Listing Rules 7.1 and 7.1A without further shareholder approval.

If this Resolution is not passed, the Company will not be able to access the additional 10% capacity to issue Equity Securities without shareholder approval provided for in Listing Rule 7.1A and will remain subject to the 15% limit on issuing Equity Securities without shareholder approval set out in Listing Rule 7.1

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

Description of Listing Rule 7.1A

(a) Shareholder approval

The ability to issue Equity Securities under the 10% Placement Facility is subject to shareholder approval by way of a special resolution at an annual general meeting. This means it 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).

(b) Equity Securities

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company.

The Company, as at the date of the Notice, has the following quoted class of Equity Securities on issue: Fully Paid Ordinary Shares.

(c) Formula for calculating 10% Placement Facility

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

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

A is the number of shares on issue at the commencement of the “relevant period” (which, for the Company, is the 12-month period immediately preceding the date of the issue or agreement):

- (A) plus the number of fully paid shares issued in the relevant period under an exception in Listing Rule 7.2, other than exception 9, 16 or 17;
- (B) plus the number of fully paid shares issued in the relevant period on the conversion of convertible securities within rule 7.2 exception 9 where:
 - (i) the convertible securities were issued or agreed to be issued before the commencement of the relevant period; or
 - (ii) the issue of, or agreement to issue, the convertible securities was approved, or taken under the Listing Rules to have been approved, under rule 7.1 or rule 7.4;
- (C) plus the number of fully paid shares issued in the relevant period under an agreement to issue securities within rule 7.2 exception 16 where:
 - (i) the agreement was entered into before the commencement of the relevant period; or
 - (ii) the agreement or issue was approved, or taken under the Listing Rules to have been approved, under rule 7.1 or rule 7.4;
- (D) plus the number of fully paid shares issued in the relevant period with approval of holders of shares under Listing Rules 7.1 or 7.4;
- (E) plus the number of partly paid shares that became fully paid in the relevant period;
- (F) less the number of fully paid shares cancelled in the relevant period.

Note that A has the same meaning in Listing Rule 7.1 when calculating an entity's 15% placement capacity.

D is 10%

E is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the relevant period where the issue or agreement has not been subsequently approved by shareholders under Listing Rule 7.1 or 7.4.

(d) Listing Rule 7.1 and Listing Rule 7.1A

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

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

(e) Nature of consideration for issue and Minimum Issue Price

The Equity Securities issued under Listing Rule 7.1A must be issued for cash consideration at an issue price per security which must be not less than 75% of the VWAP of the Company's Equity Securities in the same class calculated over the 15 trading days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed by the Company and the recipient of the securities; or
- (ii) if the Equity Securities are not issued within 10 trading days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

(f) **10% Placement Period**

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A is valid from the date of the Annual General Meeting at which the approval is obtained and expires on the first to occur of the following:

- (i) the date that is 12 months after the date of the Annual General Meeting at which the approval is obtained;
- (ii) the time and date of the Company's next annual general meeting;
- (iii) the time and date of the approval by shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking).

(10% Placement Period).

Specific information required by Listing Rule 7.3A

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

- (a) If this Resolution is approved by Shareholders, the period for which the Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A commences on the date of the Annual General Meeting at which the approval is obtained, being 23 November 2023, and expires on the first to occur of the following:
 - (i) the date that is 12 months after the date of the Annual General Meeting at which the approval is obtained, being 23 November 2024;
 - (ii) the time and date of the Company's next annual general meeting;
 - (iii) the time and date of the approval by shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking).
- (b) The Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities in the same class calculated over the 15 trading days on which trades in that class were recorded immediately before:
 - (i) the date on which the price at which the Equity Securities are to be issued is agreed by the Company and the recipient of the securities; or
 - (ii) if the Equity Securities are not issued within 10 trading days of the date in paragraph (i) above, the date on which the Equity Securities are issued.
- (c) The purposes for which the funds raised by an issue of Equity Securities under rule 7.1A.2 may be used by the Company include:
 - (i) consideration for the acquisition(s) of the new assets and investments, including the expenses associated with such acquisition(s); and
 - (ii) continued expenditure on the Company's current business and/or general working capital.
- (d) If this Resolution is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted as shown in the table below. Shareholders may also be exposed to economic risk and voting dilution, including the following:
 - (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 Annual General Meeting; and
 - (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date,

which may have an effect on the amount of funds raised by the issue of the Equity Securities.

The below table shows the potential dilution of existing Shareholders on the basis of the market price of Shares as at 2 October 2023 (**Current Share Price**) and the current number of ordinary securities for variable "A" calculated in accordance with the formula in Listing Rule 7.1A(2) as at the date of this Notice.

The table also shows:

- two examples where variable "A" has increased, by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata

entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and

- two examples of where the issue price of ordinary securities has decreased by 50% and increased by 100% as against the current market price.

Variable 'A' in Listing Rule 7.1A.2		Issue Price		
		\$0.73 50% decrease in Current Share Price	\$1.46 Current Share Price	\$2.92 100% increase in Current Share Price
Current Variable A 75,440,044 Shares	10% Voting Dilution	7,544,004 Shares		
	Funds raised	\$5,507,122	\$11,014,245	\$22,028,491
50% increase in current Variable A 113,160,066 Shares	10% Voting Dilution	11,316,007 Shares		
	Funds raised	\$8,260,685	\$16,521,370	\$33,042,740
100% increase in current Variable A 150,880,088 Shares	10% Voting Dilution	15,088,009 Shares		
	Funds raised	\$11,014,246	\$22,028,493	\$44,056,986

The table has been prepared on the following assumptions:

- The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
 - No Options are exercised into Shares or other convertible securities are converted to Shares before the date of the issue of the Equity Securities;
 - 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%.
 - 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 Facility, based on that Shareholder's holding at the date of the Annual General Meeting.
 - 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.
 - The issue of Equity Securities under the 10% Placement Facility 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.
 - The Current Share Price is \$1.46 being the closing price of the Shares on ASX on 2 October 2023.
- (e) The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to relevant factors including, but not limited to, the following:
- the methods of raising funds that are available to the Company, including but not limited to, rights issues or other issues in which existing security holders can participate;
 - the effect of the issue of the Equity Securities on the control of the Company;
 - the financial situation and solvency of the Company; and
 - advice from corporate, financial and broking advisers (if applicable).
- The allottees under the 10% Placement Facility have not been determined as at the date of this Notice but may include existing substantial Shareholders, subject to compliance with Listing Rule 10.11, and/or new Shareholders who are not related parties or associates of a related party of the Company.
- (f) The Company:
- has not issued, nor agreed to issue, any Equity Securities under Rule 7.1A.2 in the 12-month period preceding the date of the Meeting; and
 - had not agreed, before the 12-month period referred to in the preceding paragraph, to issue any Equity Securities under rule 7.1A.2 where such securities remain unissued as at the date of the Meeting.

Directors Recommendations

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

Voting Intention

The Chair of the Meeting intends to vote undirected proxies in favour of this resolution.

Voting Exclusions

As at the date of dispatch of this Notice, the Company is not proposing to make an issue of Equity Securities under Listing Rule 7.1A.2 and, therefore, a voting exclusion statement is not required by Listing Rule 7.3A.7.

GLOSSARY

The following terms have the following meanings in this Explanatory Statement:

“\$” means Australian Dollars;

10% Placement Facility has the meaning as defined in the Explanatory Statement for Resolution 8.

“**Annual Report**” means the Directors’ Report, the Financial Report, and Auditor’s Report, in respect to the year ended 30 June 2023;

“**ASX**” means ASX Limited ABN 98 008 624 691 or the Australian Securities Exchange, as the context requires;

“**Auditor’s Report**” means the auditor’s report on the Financial Report;

“**AEDT**” means Australian Eastern Daylight Time.

“**Board**” means the Directors acting as the board of Directors of the Company or a committee appointed by such board of Directors;

“**Chair**” means the person appointed to chair the Meeting of the Company convened by the Notice;

“**Closely Related Party**” means:

- (a) a spouse or child of the member; or
- (b) has the meaning given in section 9 of the Corporations Act.

“**Company**” means Lark Distilling Co. Ltd Limited ACN 104 600 544;

“**Constitution**” means the constitution of the Company as at the date of the Meeting;

“**Corporations Act**” means the Corporations Act 2001 (Cth);

“**Director**” means a Director of the Company;

“**EIP**” means the Equity Incentive Plan;

“**Equity Security**” has the same meaning as in the Listing Rules;

“**Explanatory Statement**” means the Explanatory Statement which forms part of the Notice;

“**Financial Report**” means the annual financial report prepared under Chapter 2M of the Corporations Act for the Company and its controlled entities;

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

“**Listing Rules**” means the Listing Rules of the ASX;

“**Meeting**” has the meaning given in the introductory paragraph of the Notice;

“**Notice**” means the Notice of Meeting accompanying this Explanatory Statement;

“**Option**” means an option to acquire a Share;

“**Proxy Form**” means the proxy form attached to the Notice;

“**Remuneration Report**” means the remuneration report which forms part of the Directors’ Report of the Company for the financial year ended 30 June 2023 and which is set out in the Annual Report.

“**Resolution**” means a resolution referred to in the Notice;

“**Right**” means a performance right issued under the EIP;

“**Schedule**” means schedule to the Notice;

“**Section**” means a section of the Explanatory Statement ;

“**Share**” means a fully paid ordinary share in the capital of the Company;

“**Shareholder**” means shareholder of the Company;

“**Trading Day**” means a day determined by ASX to be a trading day in accordance with the Listing Rules;

“**VWAP**” means volume weighted average market price as defined in Listing Rule 19.12.

Annexure A

4 October 2023

The Board of Directors
Lark Distilling Co. Ltd
Level 1, 91 – 93 Macquarie Street
Hobart TAS 7000

RE: NOMINATION OF PROPOSED AUDITOR

Pursuant to Section 238B(1) of the *Corporations Act 2001 (Cth)*, I hereby give you notice of the nomination of RSM Australia Partners of Level 21, 55 Collins Street, Melbourne VIC 3000, as external auditors of Lark Distilling Co. Ltd (ACN 100 738 074).

Please distribute copies of this notice of the nomination as required by Section 328B(3) of the *Corporations Act 2001 (Cth)*.

Yours faithfully



David Dearie, as Shareholder

All Correspondence to:

✉ **By Mail** Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001 Australia

📠 **By Fax:** +61 2 9290 9655

💻 **Online:** www.boardroomlimited.com.au

☎ **By Phone:** (within Australia) 1300 737 760
(outside Australia) +61 2 9290 9600

YOUR VOTE IS IMPORTANT

For your vote to be effective it must be recorded **before 10:00am (AEDT) on Tuesday, 21 November 2023.**

🖥 TO APPOINT A PROXY ONLINE

📱 BY SMARTPHONE

STEP 1: VISIT <https://www.votingonline.com.au/lrkagm2023>

STEP 2: Enter your Postcode OR Country of Residence (if outside Australia)

STEP 3: Enter your Voting Access Code (VAC):



Scan QR Code using smartphone
QR Reader App

TO VOTE BY COMPLETING THE PROXY FORM

STEP 1 APPOINTMENT OF PROXY

Indicate who you want to appoint as your Proxy.

If you wish to appoint the Chair of the Meeting as your proxy, mark the box. If you wish to appoint someone other than the Chair of the Meeting as your proxy please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting, the Chair of the Meeting will be your proxy. A proxy need not be a securityholder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by contacting the company's securities registry or you may copy this form.

To appoint a second proxy you must:

- (a) complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (b) return both forms together in the same envelope.

STEP 2 VOTING DIRECTIONS TO YOUR PROXY

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

Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the meeting must have provided an "Appointment of Corporate Representative" prior to admission. An Appointment of Corporate Representative form can be obtained from the company's securities registry.

STEP 3 SIGN THE FORM

The form **must** be signed as follows:

Individual: This form is to be signed by the securityholder.

Joint Holding: where the holding is in more than one name, all the securityholders should sign.

Power of Attorney: to sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: this form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form should be signed by that person. **Please indicate the office held by signing in the appropriate place.**

STEP 4 LODGEMENT

Proxy forms (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the meeting, therefore by **10:00am (AEDT) on Tuesday, 21 November 2023.** Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy forms may be lodged using the enclosed Reply-Paid Envelope or:

🖥 **Online** <https://www.votingonline.com.au/lrkagm2023>

📠 **By Fax** + 61 2 9290 9655

✉ **By Mail** Boardroom Pty Limited
GPO Box 3993,
Sydney NSW 2001 Australia

👤 **In Person** Boardroom Pty Limited
Level 8, 210 George Street
Sydney NSW 2000 Australia

☐**Your Address**

This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction in the space to the left. Securityholders sponsored by a broker should advise their broker of any changes.

Please note, you cannot change ownership of your securities using this form.

PROXY FORM**STEP 1 APPOINT A PROXY**

I/We being a member/s of **Lark Distilling Co. Ltd** and entitled to attend and vote hereby appoint:

☐

the **Chair of the Meeting (mark box)**

OR if you are **NOT** appointing the Chair of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered securityholder) you are appointing as your proxy below:

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Meeting as my/our proxy at the Annual General Meeting of the Company to be held virtually via https://vistra.zoom.us/webinar/register/WN_0CHD_sNyQruWYB7IWUPszg on **Thursday, 23 November 2023 at 10:00am (AEDT)** and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

The Chair of the Meeting is authorised to exercise undirected proxies on remuneration related matters: If I/we have appointed the Chair of the Meeting as my/our proxy or the Chair of the Meeting becomes my/our proxy by default and I/we have not directed my/our proxy how to vote in respect of Resolutions 1, 3, 4 & 6, I/we expressly authorise the Chair of the Meeting to exercise my/our proxy in respect of these items even though Resolutions 1, 3, 4 & 6 are connected with the remuneration of a member of the key management personnel for the Company.

The Chair of the Meeting will vote all undirected proxies in favour of all items of business (including Resolutions 1, 3, 4 & 6). If you wish to appoint the Chair of the Meeting as your proxy with a direction to vote against, or to abstain from voting on an item, you must provide a direction by marking the 'Against' or 'Abstain' box opposite that resolution.

STEP 2 VOTING DIRECTIONS

* If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your vote will not be counted in calculating the required majority if a poll is called.

		For	Against	Abstain*
Resolution 1	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-election of Ms Laura McBain as a Director of the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Approval of Non-Executive Director Share Rights Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Approval of Non-Executive Director Remuneration Pool Increase	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Approval of Appointment of Auditor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Approval of the issue of Equity Securities under Company's Equity Incentive Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7 <i>Special</i>	Reinsertion of Proportional Takeover Provision	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8 <i>Special</i>	Approval of 10% Placement Facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

STEP 3 SIGNATURE OF SECURITYHOLDERS

This form must be signed to enable your directions to be implemented.

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director / Company Secretary

Contact Name.....

Contact Daytime Telephone.....

Date / / 2023