



**SYRAH** RESOURCES

# **Notice of Annual General Meeting and Explanatory Memorandum**

*The Annual General Meeting of*

## ***SYRAH RESOURCES LIMITED***

*ACN 125 242 284*

*Will be held at*

*10.00AM (AEST) on Friday, 22 May 2020*

*at*

*Offices of Syrah Resources Limited*

*Level 28, 360 Collins Street*

*Melbourne VIC 3000*

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

# SYRAH RESOURCES LIMITED

ACN 125 242 284

Registered Office: Level 28, 360 Collins Street, Melbourne VIC 3000

## NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting (**AGM**) of shareholders of Syrah Resources Limited (**Syrah** or the **Company**) will be held at:

**Venue:** Level 28, 360 Collins Street, Melbourne VIC 3000

**Date:** Friday, 22 May 2020

**Time:** 10:00am (AEST)

As a result of the uncertainty and potential health risks created by the rapidly evolving corona virus (COVID-19) pandemic, Syrah encourages shareholders to consider attending the meeting online rather than in person. Shareholders should lodge a directed proxy as soon as possible in advance of the meeting even if they are planning on attending the meeting in person.

The AGM will be held as a hybrid meeting, and shareholders will be able to participate in a live webcast of the meeting online where shareholders will be able to participate, ask questions and cast direct votes at the appropriate times whilst the meeting is in progress.

Shareholders who wish to participate in the AGM online may do so:

- Online at <https://web.lumiagm.com> or
- Using the Lumi AGM App

1. The meeting ID is: 356-779-337
2. Your username, which is your SRN/HIN
3. Your password, which is the postcode registered to your holding if you are an Australian shareholder. Overseas shareholders should refer to the User Guide for their password details.

More information regarding participating in the AGM online, including browser requirements and how to download the App, is detailed in the User Guide available at <http://www.syrahresources.com.au/annual-general-meetings>.

Any shareholders who may still wish to physically attend the AGM should be mindful of new laws, government warnings and recommendations in relation to COVID-19 and monitor Syrah's website and 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](http://asx.com.au) (stock code: SYR) and on its website at [www.syrahresources.com.au](http://www.syrahresources.com.au).

## AGENDA

The Explanatory Memorandum and Proxy Form which accompany and form part of this Notice, describe in more detail the matters to be considered. Please consider this Notice, the Explanatory Memorandum and the Proxy Form in their entirety.

Capitalised terms not otherwise defined in this Notice have the meaning given in the Explanatory Memorandum which accompanies this Notice.

### ORDINARY BUSINESS

#### Receipt and consideration of Accounts and Reports

To receive and consider the Financial Report of the Company, together with the Directors' Report and Auditor's Report as set out in the Company's Annual Report for the year ended 31 December 2019.

*Note: Except 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, pass the following non-binding resolution as an ordinary resolution:

*"That the Company's Remuneration Report for the financial year ended 31 December 2019 be adopted."*

The Remuneration Report is set out on pages 23 – 48 of the Company's Annual Report. Please note that the vote on this resolution is advisory only and does not bind the Directors or the Company.

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

#### Resolution 2: Election of Ms Sara Watts as a Director of the Company

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

*"That Ms Sara Watts, having been appointed to the Board since the last Annual General Meeting of the Company, retiring as a Director of the Company in accordance with the Company's constitution, be elected as a Director of the Company."*

#### Resolution 3: Re-election of Mr Jose M Caldeira as a Director of the Company

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

*"That Mr Jose M Caldeira, being a Director of the Company who retires by rotation in accordance with the Company's constitution be re-elected as a Director of the Company."*

#### Resolution 4: Approval to grant 865,892 of Performance Rights to Mr Shaun Verner (or his nominee) as part of Mr Verner's 2020 Long Term Incentive

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

*"That for the purposes of Listing Rule 10.14, sections 200B and 200E of the Corporations Act and for all other purposes, approval be given to grant 865,892 Performance Rights to Mr Shaun Verner, a Director of the Company, or his nominee, as Mr Verner's 2020 Long Term Incentive under the Equity Incentive Plan and on the terms described in the Explanatory Memorandum."*

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

#### Resolution 5: Approval to issue 286,473 fully paid ordinary shares to Mr Shaun Verner (or his nominee) as part of his 2019 Short Term Incentive

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

*"That, for the purposes of Listing Rule 10.14, and for all other purposes, approval be given to the issue of 286,473 fully paid ordinary shares to Mr Shaun Verner, a Director of the Company, or his nominee, as Mr Verner's 2019 Short Term Incentive under the Equity Incentive Plan and on terms described in the Explanatory Memorandum."*

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

**Resolution 6: Approval to grant 4,000,000 performance rights to Mr Shaun Verner (or his nominee) as a Five Year Performance and Retention Incentive**

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

*“That for the purposes of Listing Rule 10.14, sections 200B and 200E of the Corporations Act and for all other purposes, approval be given to grant 4,000,000 Performance Rights to Mr Shaun Verner, a Director of the Company, or his nominee, as part of a Five Year Performance and Retention Incentive under the Equity Incentive Plan and on the terms described in the Explanatory Memorandum.”*

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

**Resolution 7: Approval to grant 100,000 performance rights to Ms Sara Watts (or her nominee) as a Long Term Incentive**

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

*“That for the purposes of Listing Rule 10.14, sections 200B and 200E of the Corporations Act and for all other purposes, approval be given to grant 100,000 Performance Rights to Ms Sara Watts, a Director of the Company, or her nominee, as Ms Watts’ Long Term Incentive under the Equity Incentive Plan and on the terms described in the Explanatory Memorandum.”*

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

**Resolution 8: Adoption of Non-Executive Director Share Plan**

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

*“That, approval is given for the Company to adopt the Non-Executive Director Share Rights Plan and to grant share rights and allocate shares in the Company on vesting of those share rights to Non-Executive Directors on the terms described in the Explanatory Memorandum.”*

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

**Resolution 9: Approval of 10% Placement Capacity**

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

*“That, for the purposes of Listing Rule 7.1A and for all other purposes, approval be given to the issue of equity securities up to 10% of the issued capital of the Company calculated at the time of the issue in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions in the Explanatory Memorandum.”*

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

By order of the Board



**Melanie Leydin**  
**Company Secretary**

Dated: 14 April 2020

# SYRAH RESOURCES LIMITED

ACN 125 242 284

## EXPLANATORY MEMORANDUM

### Receipt and consideration of Accounts and Reports

Under the Corporations Act, the Directors of the Company must table the Financial Report, the Directors' Report (including the Remuneration Report) and the Auditor's Report for the year ended 31 December 2019.

These reports are set out in the 2019 Annual Report. Shareholders who elected to receive a printed copy of annual reports should have received the 2019 Annual Report with this Notice of Annual General Meeting. In accordance with section 314(1AA)(c) of the Corporations Act, you may access the 2019 Annual Report at the Company's website: [www.syrahresources.com.au](http://www.syrahresources.com.au) or via the Company's announcement platform on ASX. Except as set out in Resolution 1 (adoption of the Remuneration Report), no resolution is required on these reports.

### Resolution 1: Adoption of Remuneration Report – Non-Binding Resolution

The Directors Report for the period ended 31 December 2019 contains a Remuneration Report which sets out in detail the Company's policy for determining remuneration for Directors and other members of the Company's Key Management Personnel. It includes information on the elements of remuneration that are performance based, the performance conditions that apply and the methodology used to assess the achievement of these performance conditions.

The Company's remuneration strategy is designed to provide a link between the achievement of the Company's strategic objectives and executive rewards. It is designed to reward, motivate and retain the Company's executive team through market competitive remuneration and benefits, to support the continued success of the Company's businesses and ultimately to create shareholder value.

Section 250R(2) of the Corporations Act requires that the Company put to shareholder vote a resolution to adopt the Remuneration Report. The vote is advisory only and does not bind the Directors or the Company. However, a reasonable opportunity for discussion of the Remuneration Report will be provided at the Meeting. The Board will take into account the discussion on this resolution and the outcome of the vote when considering the future remuneration arrangements of the Company.

Shareholders are asked to consider and adopt the Remuneration Report for the year ended 31 December 2019.

### Board recommendation

The Board recommends that Shareholders vote in favour of Resolution 1.

### Voting intention

The Chairman of the Meeting intends to vote undirected proxies in favour of Resolution 1.

### Voting exclusions

*The Company will disregard any votes cast on Resolution 1 by or on behalf of:*

- (a) a person who is a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report for the year ended 31 December 2019 or a Closely Related Party of such Key Management Personnel (regardless of the capacity in which the vote is cast); and*
- (b) as proxy by a person who is a member of the Key Management Personnel on the date of the Annual General Meeting or a Closely Related Party of such a member.*

*However, the Company need not disregard a vote on this Resolution 1 if:*

- 1. it is cast as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or*
- 2. it is cast by the Chairman for a person who is entitled to vote, in accordance with the direction on the Proxy Form to vote as the proxy decides, including where the Proxy Form provides an express authorisation for the Chairman to exercise the proxy as the Chairman decides even though Resolution 1 is connected directly or indirectly with the remuneration of the Key Management Personnel.*

## **Resolution 2: Election of Ms Sara Watts as a Director of the Company**

### ***Background***

Ms Sara Watts was appointed as a Non-Executive Director by the Board on 3 June 2019. The Company's constitution requires that a Director appointed by the Board must retire from office at the next annual general meeting following his or her appointment. Ms Watts, being eligible for election, offers herself for election as a Director. Ms Watts is considered by the Board to be an independent Non-Executive Director.

Ms Watts has over a decade's experience as Non-Executive Director and Audit & Risk Committee Chair across a broad range of sectors. She has over 30 years of financial, operational and international experience and has been involved in multiple technology transformation projects.

Ms Watts' executive experience includes Head of Internal Audit for IBM Asia Pacific, Chief Financial Officer of IBM Australia/New Zealand, Vice-Principal (Operations) at the University of Sydney, and interim CEO of City West Housing. In 2013, she was awarded a Women in ICT Achievement Award for her leadership skills and commitment to women in the Australian ICT Industry.

Other roles also include six years at the Victorian Auditor General's Office as Audit & Risk Committee Chair. She is currently Chair of the Audit & Risk Committee for Vision Australia Limited and Chair of the Audit Committee for the Independent Broad-Based Anti-Corruption Commission.

Ms Watts is a Fellow of CPA Australia, Fellow of Australian Institute of Company Directors, holds a Master of Business Administration from Macquarie Graduate School of Management and a Bachelor of Science from The University of Sydney.

She is currently the Chair of the Audit and Risk Committee (appointed to the Committee during the year).

### ***Board recommendation***

The Board (Ms Watts abstaining) recommends that Shareholders vote in favour of Resolution 2.

### ***Voting intention***

The Chairman of the Meeting intends to vote undirected proxies in favour of Resolution 2.

## **Resolution 3: Re-election of Mr Jose M Caldeira as a Director of the Company**

### ***Background***

Mr Caldeira was appointed as a Non-Executive Director by the Board on 22 July 2014 and was last re-elected by shareholders on 17 May 2018. The constitution requires that at every Annual General Meeting one-third of the Directors retire from office, as well as any other Director who would otherwise have been in office for three or more Annual General Meetings since he or she was last elected to office.

Mr Jose M Caldeira will retire at the conclusion of the Meeting and, being eligible for re-election, offers himself for re-election as a Director.

Mr Caldeira is a highly experienced legal and regulatory professional with over 30 years' experience in the legal industry. He is one of the prominent lawyers in Mozambique and is currently a senior partner at Sal & Caldeira Advogados, Lda in Mozambique, one of the leading law firms in Mozambique. Mr Caldeira is a former judge of the Maputo City Court and in the past has acted as a legal advisor to the Ministry of Mineral Resources. He is a founding member of the Mozambique Bar and holds a law degree from Eduardo Mondlane University and an accounting qualification from Instituto Comercial da Beira.

Mr Caldeira is a Senior Partner of Sal & Caldeira Advogados Lda, which provides legal services to the Company and its subsidiaries, and accordingly is not considered by the Board to be an independent director. Mr Caldeira's business acumen and strong connections to the mining sector, business community and government in Mozambique enable a strong contribution to the Board of the Company.

Mr Caldeira is currently a member of the Sustainability Committee and the Audit and Risk Committee.

### ***Board recommendation***

The Board (Mr Caldeira abstaining) recommends that Shareholders vote in favour of Resolution 3.

### ***Voting intention***

The Chairman of the Meeting intends to vote undirected proxies in favour of Resolution 3.

## **Resolution 4: Approval to grant 865,892 Performance Rights to Mr Shaun Verner (or his nominee) as part of his 2020 Long Term Incentive**

### ***Background***

Resolution 4 of this Notice seeks Shareholder approval to grant 865,892 Performance Rights to Mr Shaun Verner (or his nominee) as his 2020 long term incentive on the terms described below and in accordance with the Company's Equity Incentive Plan (**EIP**), as well as approval for the issue of any Shares on vesting and exercise of those Performance Rights.

Performance Rights are proposed to be granted to Mr Verner (or his nominee) to further enhance the alignment of his interests with the interests of Shareholders.

It is proposed that Mr Verner be granted 865,892 Performance Rights, which has been determined by dividing Mr Verner's maximum 2020 LTI opportunity, being A\$369,563, by the volume average weighted price (**VWAP**) of the Company's shares on the ASX for the 60 trading days prior to the commencement of the performance period being A\$0.427, noting that these numbers have been rounded.

As the Performance Rights will form part of Mr Verner's remuneration, they will be granted for no cash payment and there will be no amount payable on vesting and exercise. The vested Performance Rights will be exercisable from the vesting date until the date that is two years after the vesting date, subject to the Company's securities trading policy. Each vested Performance Right entitles Mr Verner to be issued one ordinary fully paid share in the Company, or equivalent cash payment, on vesting and exercise. Prior to vesting and exercise, Performance Rights do not entitle Mr Verner to any dividends or voting rights.

Under the terms of the grant, the Performance Rights will only vest upon a significant improvement in the market capitalisation of the Company compared to the performance of companies in the comparator group detailed below. This will further align Mr Verner's interests with the interests of all Shareholders. It should be recognised that the achievement of these objectives will be to the benefit of all Shareholders, and the vesting of the Performance Rights can only occur if these benefits are realised.

Consistent with the desire to minimise cash expenditures, the Board believes that having regard to the Company's current cash position and in order to compensate Mr Verner in line with current market practices, Performance Rights provide an appropriate and meaningful form of remuneration that aligns with Shareholder interests.

Approval is being sought in Resolution 4 in respect of the proposed grant of Performance Rights to Mr Verner (or his nominee) under the EIP as a component of his overall executive remuneration package put in place on his commencement as Managing Director & Chief Executive Officer of the Company.

### ***Terms of the Performance Rights***

A total of 865,892 Performance Rights will be granted to Mr Verner (or his nominee) under the EIP, subject to Shareholder approval. The vesting of the Performance Rights is contingent on the satisfaction of the Performance Hurdles outlined below over a three-year performance period commencing 1 January 2020 and expiring 31 December 2022.

#### ***1. LTI performance hurdles***

The Performance Rights are subject to the satisfaction of two Performance Hurdles:

- (a) 50% of the Performance Rights vest based on the satisfaction of a relative total shareholder return (**TSR**) performance hurdle; and
- (b) 50% of the Performance Rights vest based on the absolute total shareholder return performance of the Company.

Details of the Performance Hurdles are set out below and otherwise in the Company's Remuneration Report.

##### ***(a) Relative TSR Performance Hurdle***

The portion of the Performance Rights that are subject to the relative TSR performance hurdle will only be eligible to vest and become exercisable into Shares at the end of the performance period if the Company's TSR is at least equal to the median of the comparator group performance (**Relative TSR Performance Hurdle**). The entire annual allocation will vest if the Company's TSR is at the 75<sup>th</sup> percentile or higher than the comparator group performance. The percentage of Performance Rights subject to the Relative TSR Performance Hurdle that vest will be determined by reference to the following vesting schedule:

- 0% vesting if the Company's relative TSR performance is at or below the median performance of the comparator group;
- 50% to 100% vesting if the Company's relative TSR performance is between the median performance of the comparator group, but below the 75<sup>th</sup> percentile performance of the comparator group; and

- 100% vesting if the Company's relative TSR performance is at or above the 75th percentile performance of the comparator group.

There will be a straight line pro-rata vesting of Performance Rights where the Company's TSR performance is between the median and 75<sup>th</sup> percentile performance in accordance with the EIP.

The comparator group is the companies in the S&P/ASX300 Index (XKO) as at 1 January 2020, classified under the "Materials" industry under the GICS classification system, provided that it will not include any company that suffers an insolvency event, undertakes a material merger or acquisition or is delisted from the ASX during the performance period.

*(b) Absolute TSR Performance Hurdle*

The portion of Performance Rights subject to the absolute TSR Performance Hurdle will only vest and become exercisable into Shares at the end of the performance period if the Company's absolute TSR outcome is between the threshold and maximum performance TSR targets, being 8.6% and 18.8% respectively of the compound annualised growth rate, as set by the Board for the performance period (**Absolute TSR Performance Hurdle**).

The percentage of Performance Rights subject to the Absolute TSR Performance Hurdle that vest will be determined by reference to the following vesting schedule:

- 0% vesting if the Company's absolute TSR performance is at or below threshold performance;
- 50% to 100% vesting if the Company's absolute TSR performance is between threshold and maximum performance; and
- 100% vesting if the Company's absolute TSR performance is at or above maximum performance.

There will be a straight line pro-rata vesting of Performance Rights where the Company's absolute TSR performance is between threshold and maximum performance in accordance with the EIP.

**2. Vesting and testing**

The Performance Period will run from 1 January 2020 to 31 December 2022.

The Remuneration, Nomination and Governance Committee will test performance against the Performance Hurdles to determine whether the Performance Rights are eligible to vest shortly after the end of the performance period.

If the Performance Hurdles are not satisfied on the Performance Date, the Performance Rights will lapse unless the Remuneration, Nomination and Governance Committee exercises its discretion to waive the Performance Hurdle in whole or in part.

There is no re-testing of the Performance Hurdles.

The number of Performance Rights which vest is determined by assessing the performance of the Company against the Relative TSR Performance Hurdle and Absolute TSR Performance Hurdle outlined above. The VWAP of the Shares in the 60 trading days prior to the end of the Performance Period (which ends 31 December 2022) compared to the VWAP of the Shares in the 60 trading days prior to the commencement of the Performance Period (which commenced on 1 January 2020), will be used in calculating TSR over the three year Performance Period. The calculation of absolute and relative TSR will incorporate capital returns as well as dividends notionally reinvested and is considered the most appropriate means of measuring the Company's performance.

**3. Cessation of employment**

Where Mr Verner ceases employment as a 'bad leaver' (which includes by resignation or dismissal for cause or poor performance), unvested Performance Rights will immediately lapse and any vested Performance Rights may be exercised within 60 days of ceasing employment if permitted by the Company's securities dealing policy, or within 60 days of restrictions ceasing to apply under the Company's securities dealing policy. Vested Performance Rights that are not exercised by this time will lapse.

In all other circumstances, a pro rata portion of unvested Performance Rights will remain on foot and will vest and become exercisable in the normal course subject to the original conditions, as though Mr Verner had not ceased employment. The remaining portion of unvested Performance Rights will lapse immediately. Any vested Performance Rights will remain on foot and may be exercised until the expiry date.

However, the Board retains discretion under the EIP to determine to treat any unvested Performance Rights other than in the manner set out above if the Board determines that the relevant circumstances warrant such treatment.

**4. Change of control**

If a corporate control event is likely to occur, the Board has a discretion to determine that that some or all of

the Performance Rights vest and become exercisable or lapse. If a corporate control event occurs prior to the Board exercising its discretion, all unvested Performance Rights granted will automatically vest and become exercisable into Shares, irrespective of whether Performance Hurdles have been achieved and all vested but unexercised Performance Rights will lapse four months after the change of control event if not exercised.

## **5. Clawback**

Under the EIP, the Board has broad “clawback” powers to determine that the Performance Rights lapse or any Shares allocated on vesting are forfeited in certain circumstances, including for example in the case of a breach of duties to a Group company or fraud or misconduct.

## **6. Restrictions on dealing**

Mr Verner may not deal, with or enter into any arrangement for the purpose of hedging, Performance Rights prior to vesting and exercise.

### **Legal Requirements – ASX Listing Rule 10.14**

ASX Listing Rule 10.14 requires that the Company not permit a Director or their associates to acquire securities under an “employee incentive scheme” without Shareholder approval (unless an exception applies). The Board is therefore seeking Shareholder approval to grant Performance Rights to Mr Verner on the terms set out above and under the EIP.

The EIP constitutes an “employee incentive scheme” under the ASX Listing Rules.

### **Disclosures for the purposes of ASX Listing Rule 10.14**

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

- (a) the related party is Mr Verner;
- (b) approval for Mr Verner is sought under ASX Listing Rule 10.14.1, being a Director of the Company;
- (c) the maximum number of Performance Rights to be granted is 865,892;
- (d) Mr Verner’s fixed remuneration package is equal to A\$492,750. In addition Mr Verner’s maximum STI’s and LTI’s are 75% of his total fixed remuneration package, which is equal to a maximum total remuneration package of A\$1,231,875;
- (e) The total number of securities previously issued to Mr Verner under the EIP are 217,558 performance rights at nil acquisition price and 180,470 fully paid ordinary shares at a deemed issue price of A\$1.29 per share;
- (f) the Performance Rights will have a three-year performance period from 1 January 2020 to 31 December 2022. The total value the entity attributes to these securities is A\$369,563. Subject to the satisfaction of the vesting and exercise conditions described above, Mr Verner (or his nominee) will receive one Share in the Company for each Performance Right exercised;
- (g) the entity will issue the Performance Rights on or around 29 May 2020;
- (h) the Performance Rights will be granted to Mr Verner at nil issue price;
- (i) the material terms of the plan can be found in Annexure 1 to this explanatory statement.
- (j) no loan will be made by the Company in relation to the grant of Performance Rights to Mr Verner;
- (k) details of any Performance Rights issued under the EIP will be published in each Annual Report of the Company relating to a period in which the Performance Rights have been issued in addition to a statement that the securities were issued under ASX Listing Rule 10.14;
- (l) any additional persons referred to in Listing Rule 10.14 who become entitled to participate in the EIP 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; and
- (m) If approval is given under ASX Listing Rule 10.14, approval will not be sought under ASX Listing Rule 7.1.

### **Termination Benefits approval – section 200B and s200E Corporations Act**

Sections 200B and 200E of the Corporations Act prohibit the Company from giving a benefit to a person who holds (or has held in the previous three years) a managerial or executive office with the Company or its subsidiaries, if that benefit is given in connection with that person's retirement from office and is in excess of that person's average annual base salary over the relevant period, unless the benefit is approved by Shareholders or an exemption applies.

Approval is therefore sought under section 200E of the Corporations Act to allow for the Board to determine to accelerate vesting of some or all of Mr Verner's unvested Performance Rights in the event Mr Verner ceases employment in 'good leaver' circumstances being cessation other than due to resignation or dismissal for cause or poor performance and for the benefit not to be a termination benefits for the purposes of the Corporations Act. Where Mr Verner ceases as a 'bad leaver' (which includes by resignation or dismissal for poor performance), all unvested Performance Rights will lapse, unless the Board determines otherwise.

If Shareholder approval is obtained, the value of the approved benefits will be disregarded when calculating Mr Verner's termination benefits cap for the purpose of subsection 200F(2)(b) or subsection 200G(1)(c) of the Corporations Act. The approval will be effective from the date the resolution is passed until the conclusion of the 2023 Annual General Meeting (that is, for a period of approximately three years).

The value of any benefit relating to the Performance Rights given in connection with Mr Verner ceasing to hold managerial or executive office cannot presently be ascertained. However, matters, events and circumstances that will, or are likely to, affect the calculation of that value are:

- the number of Performance Rights held by Mr Verner prior to cessation of his employment;
- the date when, and circumstances in which, Mr Verner ceases employment;
- whether performance hurdles are waived or (if not waived) met, and the number of Performance Rights that vest (which could be all of the Performance Rights held by Mr Verner (or his nominee)); and
- the market price of the Company's shares on ASX on the date Shares are provided to Mr Verner upon vesting of the Performance Rights.

#### **Board recommendation**

The Board (Mr Verner abstaining) recommends that Shareholders vote in favour of Resolution 4.

#### **Voting intention**

The Chairman of the Meeting intends to vote undirected proxies in favour of Resolution 4.

#### **Voting exclusions**

*The Company will disregard any votes cast on Resolution 4 by or on behalf of:*

- (a) *Mr Shaun Verner and any of his Associates, regardless of the capacity in which the votes are cast;*
- (b) *as a proxy, any person who is a member of Key Management Personnel on the date of the Annual General Meeting or a Closely Related Party of such as member,*

*unless the votes are cast as a proxy for a person who is entitled to vote on Resolution 4:*

- (c) *in accordance with a direction in the proxy appointment or as an attorney;*
- (d) *by the Chair of the meeting in accordance with an express authorisation in the proxy appointment or as an attorney to cast votes even if Resolution 4 is connected directly or indirectly with the remuneration of a member of Key Management Personnel; or*
- (e) *by a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided that:*
  - a. *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*
  - b. *the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.*

**Resolution 5: Approval to issue 286,473 fully paid ordinary shares to Mr Shaun Verner (or his Nominee) as Mr Verner's 2019 Short term Incentive** The Company's Managing Director and Chief Executive Officer, Mr Verner, is entitled to receive a Short Term Incentive (STI) award of up to 75% of his total fixed remuneration for his 2019 STI grant.

As disclosed in the 2019 Remuneration Report, the Board awarded Mr Verner 67% of his STI opportunity for the year ending 31 December 2019, being A\$247,607, which is to be satisfied by issue of Shares to the value of A\$123,804 and the payment of cash of A\$123,803, subject to Shareholder approval. The issue of Shares will assist to conserve the Company's cash position and facilitate a greater level of executive

shareholding in the Company, which the Board considers will further align their interests with Shareholders. ASX Listing Rule 10.14 requires that the Company obtain Shareholder approval prior to the issue of equity securities to a Director of the Company under an “employee incentive scheme”. As Mr Verner is a Director of the Company, Shareholder approval is sought to issue him (or his nominee) 286,473 Shares to him under the EIP.

The number of Shares to be issued was calculated by dividing the dollar value of Mr Verner’s 2019 STI grant (being A\$123,804) by the allocation price of A\$0.432 per Share, being the 5 day VWAP of the Company’s shares ending on 28 February 2020. This is the same allocation price used for all share-based 2019 STI grants to other executives.

The Shares issued to Mr Verner (or his nominee) will rank equally in all respects with other Shares on issue at that time.

### ***Restrictions on dealing***

Mr Verner will be free to deal with the Shares issued to him, subject to the requirements of the Company’s securities trading policy.

### ***Other terms***

The Board has broad discretion to forfeit or clawback some or all of the Shares in certain circumstances, including for example in the case of fraud, dishonesty or gross misconduct.

In the event that Shareholder do not approve Resolution 5, the value of Mr Verner’s 2019 STI grant, being A\$123,804, will be paid in cash rather than Shares.

### ***Disclosures for the purposes of ASX Listing Rule 10.15***

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

- (a) the related party is Mr Verner;
- (b) approval for Mr Verner is sought under ASX Listing Rule 10.14.1, being a Director of the Company;
- (c) the maximum number of Shares to be granted is 286,473;
- (d) Mr Verner’s fixed remuneration package amounts to A\$492,750. In addition Mr Verner’s maximum STI’s and LTI’s are 75% of his total fixed remuneration package, which is equal to a maximum total remuneration package of A\$1,231,875;
- (e) The total number of securities previously issued to Mr Verner under the EIP are 217,558 performance rights at nil acquisition price and 180,470 fully paid ordinary shares at a deemed issue price of A\$1.29 per share;
- (f) the Company will issue the Shares on or around 29 May 2020;
- (g) the Shares will be granted to Mr Verner at issue price of A\$0.432 per Share;
- (h) the material terms of the plan can be found in Annexure 1 to this Notice of Meeting.
- (i) no loan will be made by the Company in relation to the grant of shares to Mr Verner;
- (j) details of any Shares issued under the EIP will be published in each Annual Report of the Company relating to a period in which the Shares have been issued in addition to a statement that the securities were issued under ASX Listing Rule 10.14;
- (k) any additional persons referred to in Listing Rule 10.14 who become entitled to participate in the EIP 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; and
- (l) If approval is given under ASX Listing Rule 10.14, approval will not be sought under ASX Listing Rule 7.1.

### ***Board recommendation***

The Board (Mr Verner abstaining) recommends that Shareholders vote in favour of Resolution 5.

### ***Voting intention***

The Chairman of the Meeting intends to vote undirected proxies in favour of Resolution 5.

## **Voting exclusions**

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

- (a) Mr Shaun Verner and any of his Associates, regardless of the capacity in which the votes are cast;*
- (b) as a proxy, any person who is a member of Key Management Personnel on the date of the Annual General Meeting or a Closely Related Party of such member,*

*unless the votes are cast as a proxy for a person who is entitled to vote on Resolution 5:*

- (c) in accordance with directions given to the proxy appointment or as an attorney;*
- (d) by the Chair of the meeting in accordance with an express authorisation in the proxy appointment or as an attorney to cast votes even if Resolution 5 is connected directly or indirectly with the remuneration of a member of Key Management Personnel; and*
- (e) by a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:*
  - a. 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*
  - b. the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.*

## **Resolution 6: Approval to grant 4,000,000 Performance Rights to Mr Shaun Verner (or his nominee) as his Five-Year Performance and Retention Incentive**

### **Background**

The Board has implemented a Five-Year Performance and Retention Incentive (**5YPRI**) by way of a proposed one off issue of Performance Rights to selected senior personnel (**participants**).

The 5YPRI takes into account the operational review and restructure undertaken by the Company in late 2019, which included a restructure of the senior executive team. The 5YPRI is designed to ensure that participants are remunerated in a manner which encourages high performance resulting in benefit to the Company and to ensure that their individual interests are further aligned with Company success.

Shareholder approval is sought pursuant to ASX Listing Rule 10.14 to grant 4,000,000 Performance Rights to Mr Shaun Verner as his 5YPRI under the EIP and on the terms described below.

### **Terms of the 5YPRI**

The key terms of the 5YPRI is set out below:

- (a) The new 5YPRI will be performance based, incentivising performance each year for selected senior personnel;
- (b) Participants will be granted Performance Rights at the beginning of each calendar year and will be assessed on an annual basis based on specific performance hurdles over a three-year period;
- (c) Each year the Board will determine the amount of Performance Rights that vest based the participants' performance against agreed Key Performance Indicators (**KPIs**), which will generally take place around February of each year, in respect of the KPIs for the year just passed
- (d) Following the Board's determination, participants will issued with a vesting notice confirming the amount of Performance r Rights that have vested.
- (e) The Performance Rights can be exercised from the vesting date for a two-year period;
- (f) Each participant must be employed for the full calendar year applicable to the assessment of the award to be eligible for vesting of any amount of Performance Rights for that year (the Performance Rights do not partially vest for the year in the event of termination of employment unless otherwise determined by the Board).

The KPIs will be set at the beginning of each financial year and will be structured as follows:

- For the first 2 years, the KPIs will be based on operating performance, including cash position, sales, production, and BAM project milestones; and

- For the following 3 years, the KPIs will be based on overall relative corporate performance to be defined and approved by the Board on an annual basis, concurrent with Board approval of the annual budget.

It is proposed that Mr Verner receive 4,000,000 Performance Rights as his 5YPRI grant. The maximum value of the 5YPRI per annum will be calculated by dividing the total Performance Rights issued upfront by the 5-year term such that one fifth of the total amount granted will vest in each 12 month period, subject to the Board's assessment of Mr Verner's performance against the relevant KPIs.

As the Performance Rights will form part of Mr Verner's remuneration, they will be granted at no cost and there will be no amount payable on vesting and exercise. The vested Performance Rights will be exercisable from the vesting date until the date that is two years after the vesting date, subject to the Company's securities trading policy. Each Performance Right entitles Mr Verner to one ordinary fully paid Share in the Company, or equivalent cash payment, on vesting and exercise. Prior to vesting and exercise, Performance Rights do not entitle Mr Verner to any dividends or voting rights.

Under the terms of the grant, the Performance Rights will only vest upon Mr Verner's satisfaction of certain KPIs. The Board considers that this will further align Mr Verner's interests with the interests of shareholder and is consistent with the Company's objective to minimise cash expenditures. Performance Rights provide an appropriate and meaningful form of remuneration to compensate Mr Verner in line with current market practices.

### **1. Change of control**

If a corporate control event is likely to occur, the Board has a discretion to determine that some or all of the Performance Rights vest and become exercisable or lapse. If a corporate control event occurs prior to the Board exercising its discretion, all unvested Performance Rights granted will automatically vest and become exercisable into Shares, irrespective of whether performance hurdles have been achieved and all vested but unexercised Performance Rights will lapse four months after the change of control event if not exercised.

### **2. Clawback**

Under the EIP, the Board has broad "clawback" powers to determine that the Performance Rights lapse or any Shares allocated on vesting are forfeited in certain circumstances, including for example in the case of a breach of duties to a Group company or fraud or misconduct.

### **3. Restrictions on dealing**

Mr Verner may not deal, with or enter into any arrangement for the purpose of hedging, Performance Rights prior to vesting and exercise.

### **Legal Requirements – ASX Listing Rule 10.14**

ASX Listing Rule 10.14 requires that the Company not permit a Director or their associates to acquire securities under an employee incentive scheme without Shareholder approval (unless an exception applies). The Board is therefore seeking shareholder approval to grant Performance Rights to Mr Verner on the terms set out above and under the EIP.

The EIP constitutes an "employee incentive scheme" under the Listing Rules.

### **Disclosures for the purposes of ASX Listing Rule 10.14**

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

- (a) the related party is Mr Verner;
- (b) approval for Mr Verner is sought under ASX Listing Rule 10.14.1, being a Director of the Company;
- (c) the maximum number of Performance Rights to be granted is 4,000,000;
- (d) Mr Verner's fixed remuneration package amounts to A\$492,750. In addition, Mr Verner's maximum STI's and LTI's are 75% of his total fixed remuneration package, which is equal to a maximum total remuneration package of A\$1,231,875;
- (e) the total number of securities previously issued to Mr Verner under the EIP are 217,558 performance rights at nil acquisition price and 180,470 fully paid ordinary shares at a deemed issue price of A\$1.29 per share;
- (f) the Performance Rights will have a five year performance period from 1 January 2020 to 31 December 2024. The total value the entity attributes to these securities is A\$1,068,000 based off a 30 day VWAP to 3 April 2020 assuming the maximum number of Performance Rights Vest (30 day VWAP to 3 April 2020 was A\$0.267. Subject to the satisfaction of the vesting and exercise conditions described above and those further to be determined by the Board, Mr Verner (or his nominee) will receive one Share

- in the Company for each performance right exercised;
- (g) the entity will issue the Performance Rights on or around 29 May 2020;
  - (h) the Performance Rights will be granted to Mr Verner at nil issue price;
  - (i) the material terms of the plan can be found in Annexure 1 to this Notice of Meeting.
  - (j) no loan will be made by the Company in relation to the grant of Performance Rights to Mr Verner;
  - (k) details of any Performance Rights issued under the EIP will be published in each Annual Report of the Company relating to a period in which the Performance Rights have been issued in addition to a statement that the securities were issued under ASX Listing Rule 10.14;
  - (l) any additional persons referred to in Listing Rule 10.14 who become entitled to participate in the EIP 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; and
  - (m) If approval is given under ASX Listing Rule 10.14, approval will not be sought under ASX Listing Rule 7.1.

**Termination Benefits approval – section 200B and s200E Corporations Act**

Sections 200B and 200E of the Corporations Act prohibit the Company from giving a benefit to a person who holds (or has held in the previous three years) a managerial or executive office with the Company or its subsidiaries, if that benefit is given in connection with that person's retirement from office and is in excess of that person's average annual base salary over the relevant period, unless the benefit is approved by Shareholders or an exemption applies.

Approval is therefore sought under section 200E of the Corporations Act to allow for the Board to determine to accelerate vesting of some or all of Mr Verner's unvested Performance Rights in the event Mr Verner ceases employment in 'good leaver' circumstances being cessation other than due to resignation or dismissal for cause or poor performance and for the benefit not to be a termination benefits for the purposes of the Corporations Act. Where Mr Verner ceases as a 'bad leaver' (which includes by resignation or dismissal for poor performance), all unvested Performance Rights will lapse, unless the Board determines otherwise.

If Shareholder approval is obtained, the value of the approved benefits will be disregarded when calculating Mr Verner's termination benefits cap for the purpose of subsection 200F(2)(b) or subsection 200G(1)(c) of the Corporations Act. The approval will be effective from the date the resolution is passed until the conclusion of the 2023 Annual General Meeting (that is, for a period of approximately three years).

The value of any benefit relating to the Performance Rights given in connection with Mr Verner ceasing to hold managerial or executive office cannot presently be ascertained. However, matters, events and circumstances that will, or are likely to, affect the calculation of that value are:

- the number of Performance Rights held by Mr Verner prior to cessation of his employment;
- the date when, and circumstances in which, Mr Verner ceases employment;
- whether performance hurdles are waived or (if not waived) met, and the number of Performance Rights that vest (which could be all of the Performance Rights held by Mr Verner (or his nominee)); and
- the market price of the Company's shares on ASX on the date Shares are provided to Mr Verner upon vesting of the Performance Rights.

**Board recommendation**

The Board (Mr Verner abstaining) recommends that Shareholders vote in favour of Resolution 6.

**Voting intention**

The Chairman of the Meeting intends to vote undirected proxies in favour of Resolution 6.

**Voting exclusions**

*The Company will disregard any votes cast in favour of Resolution 6 by or on behalf of:*

- (a) *Mr Shaun Verner or by any of his Associates, regardless of the capacity in which the votes are cast;*
- (b) *as a proxy, any person who is a member of Key Management Personnel on the date of the Annual General Meeting or a Closely Related Party of such a member,*

*unless the votes are cast as a proxy for a person who is entitled to vote on Resolution 6:*

- (c) *in accordance with a direction in the proxy appointment or as an attorney;*
- (d) *by the Chair of the meeting in accordance with an express authorisation in the proxy appointment or as an attorney to cast votes even if Resolution 6 is connected directly or indirectly with the remuneration of a member of Key Management Personnel; or*
- (e) *by a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:*
  - a. *the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person who is excluded from voting, on the Resolution; and*
  - b. *the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.*

**Resolution 7: Approval to Grant 100,000 Performance Rights to Ms Sara Watts (or her nominee) as Ms Watts' Long Term Incentive**

In accordance with ASX Listing Rule 10.14, the Company is seeking Shareholder approval to grant 100,000 Performance Rights to Ms Sara Watts (or her nominee) as her 2020 long term incentive on the terms described below and in accordance with the EIP, as well as approval for the issue of any Shares on vesting and exercise of the Performance Rights. This resolution is conditional upon the resolution 2 passing in relation to Ms Watts being elected as a Director of the Company. Should Ms Watts not be elected by shareholders this resolution will not be considered.

Performance Rights are proposed to be granted to Ms Watts (or her nominee) to align her interests with the interests of Shareholders.

As the Performance Rights will form part of Ms Watts' remuneration, they will be granted at no cost and there will be no amount payable on vesting and exercise. The vested Performance Rights will be exercised upon the Company's receipt of a valid exercise notice. The vested Performance Rights will be exercisable from the vesting date until the date that is two years after the vesting date, subject to the Company's securities trading policy. Each Performance Right entitles Ms Watts to one ordinary fully paid Share in the Company, or equivalent cash payment, on vesting and exercise. Prior to vesting and exercise, Performance Rights do not entitle Ms Watts to any dividends or voting rights.

Consistent with the desire to minimise cash expenditures, the Board believes that having regard to the Company's current cash position and in order to compensate Ms Watts in line with current market practices, Performance Rights provide an appropriate and meaningful remuneration component that is aligned with Shareholder interests.

Approval is being sought in Resolution 7 in respect of the proposed grant of performance rights to Ms Watts (or her nominee) under the EIP which Ms Watts was invited to participate in upon her appointment as Non-Executive Director of the Company.

***Terms of the Performance Rights***

A total of 100,000 Performance Rights will be granted to Ms Watts (or her nominee), subject to Shareholder approval. The vesting of the Performance Rights is contingent upon Ms Watts remaining as a Director of the Company for a period of three years from her appointment date as a Director of the Company.

***1. Cessation of employment***

Where Ms Watts ceases to hold office as a director, unvested Performance Rights will immediately lapse and any vested Performance Rights may be exercised within 60 days of ceasing to hold office if permitted by the Company's securities dealing policy, or within 60 days of restrictions ceasing to apply under the Company's securities dealing policy. Vested Performance Rights that are not exercised by this time will lapse.

However, pursuant to the EIP Rules, the Board retains discretion to determine to treat any unvested Performance Rights other than in the manner set out above if the Board determines that the relevant circumstances warrant such treatment.

***2. Change of control***

If a corporate control event is likely to occur, the Board has a discretion to determine that that some or all of the Performance Rights vest and become exercisable or lapse. If a corporate control event occurs prior to the Board exercising its discretion, all unvested Performance Rights granted will automatically vest and become exercisable into Shares, irrespective of whether performance hurdles have been achieved and all vested but unexercised Performance Rights will lapse four months after the change of control event if not exercised.

### **3. Clawback**

The Board has broad “clawback” powers to determine that the Performance Rights lapse or any Shares allocated on vesting are forfeited in certain circumstances, including for example in the case of a breach of duties to a Group company, a material misstatement in the Company’s financial statements or fraud or misconduct.

### **4. Restrictions on dealing**

Ms Watts may not deal, with or enter into any arrangement for the purpose of hedging, Performance Rights prior to vesting and exercise.

#### **Legal Requirements – ASX Listing Rule 10.14**

ASX Listing Rule 10.14 requires that the Company not permit a Director or their associates to acquire securities under an employee incentive scheme without Shareholder approval (unless an exception applies). The Board is therefore seeking shareholder approval to grant Performance Rights to Ms Watts on the terms set out above and under the EIP.

The EIP constitutes an “employee incentive scheme” under the ASX Listing Rules and no relevant exception applies.

#### **Disclosures for the purposes of ASX Listing Rule 10.14**

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

- (a) the related party is Ms Watts;
- (b) approval for Ms Watts is sought under ASX Listing Rule 10.14.1, being a Director of the Company;
- (c) the maximum number of Performance Rights to be granted is 100,000;
- (d) Ms Watts total remuneration package amounts to A\$115,000 consisting of a base Non-Executive Director fee of A\$95,000 in addition to A\$20,000 for her role as Chair of the Audit and Risk Committee;
- (e) no securities have previously been granted to Ms Watts under the plan;
- (f) the Performance Rights will have a three year vesting period from the date of her appointment being 3 June 2019. The total value the entity attributes to these securities is A\$27,700 based off a 30 day VWAP to 3 April 2020 assuming the maximum number of Performance Rights Vest (30 day VWAP to 3 April 2020 was A\$0.267. Subject to the satisfaction of the vesting and exercise conditions described above and those further to be determined by the Board, Ms Watts (or her nominee) will receive one Share in the Company for each Performance Right exercised;
- (g) the entity will issue the Performance Rights on or around 29 May 2020;
- (h) the Performance Rights will be granted to Ms Watts at nil issue price;
- (i) the material terms of the plan can be found in Annexure 1 to this explanatory statement.
- (j) no loan will be made by the Company in relation to the grant of Performance Rights to Ms Watts;
- (k) details of any Performance Rights issued under the EIP will be published in each annual report of the Company relating to a period in which the Performance Rights have been issued in addition to a statement that the securities were issued under ASX Listing Rule 10.14;
- (l) any additional persons referred to in Listing Rule 10.14 who become entitled to participate in the EIP 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; and
- (m) If approval is given under ASX Listing Rule 10.14, approval will not be sought under ASX Listing Rule 7.1.

#### **Board recommendation**

The Board (Ms Watts abstaining) recommends that shareholders vote in favour of Resolution 7.

#### **Voting intention**

The Chairman of the Meeting intends to vote undirected proxies in favour of Resolution 7.

#### **Voting exclusions**

*The Company will disregard any votes cast in favour of Resolution 7 by or on behalf of:*

- (a) Ms Sara Watts and any of her Associates, regardless of the capacity in which the votes are cast;*

*(b) as a proxy, any person who is a member of Key Management Personnel on the date of the Annual General Meeting or a Closely Related Party of such a person,*

*unless the votes are cast as a proxy for a person who is entitled to vote on Resolution 7:*

*(c) in accordance with a direction in the proxy appointment or as an attorney;*

*(d) by the Chair of the meeting in accordance with express authorisation in the proxy appointment or as an attorney to cast votes even if Resolution 7 is connected directly or indirectly with the remuneration of a member of Key Management Personnel; and*

*(e) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:*

*a. 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*

*b. the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.*

## **Resolution 8: Adoption of Non-Executive Director Share Plan**

### ***Background***

Shareholders are being asked to approve the grant of share rights (**Rights**) to NEDs under the Company's Non-Executive Director Share Rights Plan (**NEDSP**) in FY2020, FY2021 and FY2022 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.

There is no current intention to increase the total limit of current director remuneration pool. However, the NEDSP will facilitate delivery of increased remuneration (within the NED remuneration limit) when it becomes justified.

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. The introduction of the NEDSP is also intended to remunerate individual NEDs for any material additional efforts that individual NEDs are required to deliver in progressing the Company's goals.

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 a Director under an employee incentive scheme (which is defined by the Listing Rules to include schemes for the benefit of non-executive directors). 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.

### ***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 is attached to the vesting of the Rights with the Rights vesting on the date specified by the Board in the invitation to participate in respect of the particular financial year.

When Rights are exercised, 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 that are not exercised will lapse on the date that is 15 years from the relevant grant date, or any other date determined by the Board.

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.

Upon retirement from the Board, NEDs are entitled to retain any vested Rights may be exercised for Shares. Any unvested Rights will lapse.

### ***Who is eligible to participate?***

The NEDs entitled to participate in the NEDSP are James Askew, Sam Riggall, Jose Manuel Caldeira, Lisa Bahash and Sara Watts. 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 FY2020, FY2021 and FY2022 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 8,000,000 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 3 April 2020 being A\$0.267)*

**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 exercise) 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 vesting and exercise 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\$0.267 based off a 30 day VWAP to 3 April 2020 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 3 April 2020 was A\$0.267).
- (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	Sustainability Committee	Remuneration, Nomination and Governance Committee	Total
James Askew	\$160,000	-	\$15,000	\$10,000	\$185,000
Sam Riggall	\$95,000	\$10,000	-	\$10,000	\$115,000
Jose Manuel Caldeira	\$95,000	\$10,000	\$10,000	-	\$115,000
Lisa Bahash	\$95,000	-	\$10,000	\$15,000	\$120,000
Sara Watts	\$95,000	\$20,000	-	-	\$115,000

*The Directors receive additional remuneration for each committee they are a member of. The remuneration varies depending on the committee and if they are the Chair of the respective committee (details above). The fees for each committee can be seen below.*

Sub-committee	Position	Remuneration
Audit & Risk Committee	Chair	20,000
	Member	10,000
Sustainability Committee	Chair	15,000
	Member	10,000
Remuneration, Nomination and Governance Committee	Chair	15,000
	Member	10,000

### **Board Recommendation**

Each NED abstains from providing a recommendation in respect of Resolution 8 because of their interest in the outcome of the Resolution.

### **Voting intention**

The Chairman of the Meeting intends to vote undirected proxies in favour of Resolution 8.

### **Voting exclusions**

*The Company will disregard any votes cast in favour of Resolution 8 by or on behalf of:*

- (a) any Non Executive Directors and any Associates of any Non Executive Directors, regardless of the capacity in which the votes are cast;*
- (b) as a proxy, any person who is an Non Executive Directors on the date of the Annual General Meeting or a Closely Related Party of such a person.*

*Unless the votes are cast as a proxy for a person who is entitled to vote on Resolution 8:*

- (c) in accordance with a direction in the proxy appointment or as an attorney;*
- (d) by the Chair of the meeting in accordance with an express authorisation in the proxy appointment or as an attorney to cast votes even if Resolution 8 is connected directly or indirectly with the remuneration of a member of Key Management Personnel; and*
- (e) by a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:*

- a. *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*
- b. *the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.*

## **Resolution 9: Approval of 10% Placement Facility**

### **Background**

Under ASX Listing Rule 7.1A the Company may issue Equity Securities valued at 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. The Company is eligible for the 10% Placement Facility as it is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less.

The Company is seeking shareholder approval by way of a special resolution to have the ability, if required, to issue Equity Securities pursuant to the 10% Placement Facility and without using the Company's 15% placement capacity under Listing Rule 7.1.

If Shareholders approve Resolution 9, 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).

### **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 of Meeting, has on issue one class of quoted equity securities, being fully paid ordinary shares.

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

ASX 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 fully paid ordinary shares on issue at the commencement of the 12 month period,
- plus the number of fully paid shares issued in the 12 month period under an exception in ASX Listing Rule 7.2, other than exception 9, 16 or 17;
  - plus the number of fully paid issued in the 12 month period on conversion of the Equity Securities within ASX Listing Rule 7.2 exception 9 where:
    - i. the Equity Securities were issued or agreed to be issued before the commencement of the relevant period; or
    - ii. the issue of, or the agreement to issue, the Equity Securities was approved, or taken under the ASX Listing Rules to have been approved under ASX Listing Rules 7.1 or 7.4,

- plus the number of fully paid shares issued in the 12 month period with approval of holders of shares under ASX Listing 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 ASX Listing Rules to have been approved, under ASX Listing Rules 7.1 or 7.4,
- plus the number of partly paid ordinary shares that became fully paid in the 12 months
- less the number of fully paid ordinary shares cancelled in the 12 months.

Note that A has the same meaning in ASX 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 ASX Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of shareholders under ASX Listing Rule 7.1 or 7.4.

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

The ability of the Company to issue equity securities under ASX Listing Rule 7.1A is in addition to the Company's existing 15% placement capacity under ASX 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

*(e) Minimum issue price*

The issue price of Equity Securities issued under Listing Rule 7.1A must be not less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 trading days immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 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 earlier to occur of:

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

**(10% Placement Period).**

### **ASX Listing Rule 7.1A**

The effect of Resolution 9 will be to allow the Directors to issue the Equity Securities under Listing Rule 7.1A during the 10% Placement Period without using the Company's 15% placement capacity under Listing Rule 7.1.

Resolution 9 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

### Specific information required by ASX Listing Rule 7.3A

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

- (a) the placement period is as referred to as above;
- (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 over the 15 trading days immediately before:
  - (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
  - (ii) if the Equity Securities are not issued within 10 trading days of the date in paragraph (i) above, the date on which the Equity Securities are issued.
- (c) The Company may seek to issue the Equity Securities for cash consideration. In such circumstances, the Company intends to use the funds raised towards an acquisition of new assets or investments (including expense associated with such acquisition), continued expenditure on the Company's current businesses and/or general working capital.
- (d) If Resolution 9 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted as shown in the below table. Shareholders may 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 dilution of existing Shareholders on the basis of the market price of Shares as at 9 April 2020 (**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 of Meeting.

The table also shows two examples where the number of ordinary securities the Company has on issue (**Variable A**) has:

- increased by 50% and 100% as against the Current Share Price (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
- decreased by 50% and increased by 100% as against the Current Share Price.

Variable 'A' in Listing Rule 7.1A.2		Issue Price		
		\$0.115 50% decrease in Current Share Price	\$0.230 Current Share Price	\$0.460 100% increase in Current Share Price
<b>Current Variable A</b> 414,559,600	<b>10% Voting Dilution</b>	41,455,960 Shares		
	<b>Funds raised</b>	\$4,767,435	\$9,534,871	\$19,069,742
<b>50% increase in current Variable A</b> 621,839,400 Shares	<b>10% Voting Dilution</b>	62,183,940 Shares		
	<b>Funds raised</b>	\$7,151,153	\$ 14,302,306	\$28,604,612
<b>100% increase in current Variable A</b> 829,119,200 Shares	<b>10% Voting Dilution</b>	82,911,920 Shares		
	<b>Funds raised</b>	\$9,534,871	\$19,069,742	\$38,139,483

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 Unlisted Options, Performance or Convertible Notes issued by the Company are exercised or converted into 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 Current Share Price is **\$0.23** (23 cents), being the closing price of the Shares on ASX on **9 April 2020**.
- (e) The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.3 or in its application for quotation of the securities upon issue of any Equity Securities.

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

- (i) the methods of raising funds that are available to the Company, including but not limited to, rights issue or other issue in which existing security holders can participate;
- (ii) the effect of the issue of the Equity Securities on the control of the Company;
- (iii) the financial situation and solvency of the Company; and
- (iv) advice from corporate, financial and broking advisers (if applicable).

The allottees under the 10% Placement Facility have not been determined as at the date of this Notice of Meeting but may include existing substantial Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company.

- (f) The Company will only issue and allot the Equity Securities during the 10% Placement Period. The approval under Resolution 9 for the issue of the Equity Securities will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities or Listing Rule 11.2 (disposal of main undertaking)).
- (g) A voting exclusion statement is included in the Notice of Meeting. At the date of this Notice of Meeting, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities. No existing Shareholder's votes will therefore be excluded under the voting exclusion in this Notice of Meeting.

### **Equity issues over the last 12 months – ASX Listing Rule 7.3A.6**

The table below shows the total number of equity securities issued in the past 12 months preceding the date of the Annual General Meeting and the percentages those issues represent of the total number of equity securities on issue at the commencement of the 12 month period.

Number of equity securities on issue at commencement of 12 month period	351,099,745
Equity securities issued in the prior 12 month period*	75,172,380
Percentage of equity issues represent of total number of equity securities on issue at commencement of 12 month period	21%

\* For full details of the issues of equity securities made by the Company since the date of the last Annual General Meeting, see Annexure 2. Included in this Annexure 2 is a summary of the amount of funds raised as a result of the capital raisings during the previous 12 month period.

### **Directors recommendations**

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

### **Voting intention**

The Chairman of the Meeting intends to vote undirected proxies in favour of Resolution 9.

### **Voting exclusions**

*The Company will disregard any votes cast in favour of Resolution 9 by:*

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

*However, this does not apply to a vote cast in favour of Resolution 9 if:*

- (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;*
- (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, 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.*

## PROXY AND VOTING INSTRUCTIONS

1. Certain categories of persons (including Directors and the Chairman) are prohibited from voting on resolutions relating to the remuneration of Key Management Personnel, including as a proxy, in some circumstances. If you are appointing a proxy, to ensure that your vote counts, please read the voting exclusion and the instructions on the Proxy Form carefully.
2. In accordance with Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth), the Board has determined that persons who are registered holders of shares in the Company as at 7.00pm (AEST) on Wednesday 20 May 2020 will be entitled to attend and vote at the Meeting as a Shareholder. Share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.
3. The details of the Resolutions contained in the Explanatory Memorandum accompanying this Notice should be read together with, and form part of, this Notice.
4. On a poll, ordinary Shareholders have one vote for every Share held.
5. A Shareholder entitled to attend and vote is entitled to appoint not more than two proxies. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the Shareholder's voting rights. If the Shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half of the votes. A proxy need not be a Shareholder.
6. A proxy may be either an individual or a body corporate. If you wish to appoint a body corporate as your proxy, you must specify on the Proxy Form:
  - the full name of the body corporate appointed as proxy; and
  - the full name or title of the individual representative of the body corporate to attend the Meeting.
7. If you appoint the Chairman as your proxy and do not provide a direction on how to vote, the Chairman may vote as he or she sees fit (subject to any voting exclusions that apply). The Chairman intends to vote all available proxies in favour of each of the Resolutions proposed in this Notice. If you do not mark a box next to Resolutions 1, 4, 5, 6, 7 and 8, then by completing and submitting the Proxy Form, you will be expressly authorising the Chairman to vote as they see fit in respect of Resolutions 1, 4, 5, 6, 7 and 8 even though they are connected with the remuneration of the Company's KMP.
8. Voting exclusions apply to Resolutions 1, 4, 5, 6, 7 and 8. Unless the Chairman of the meeting is your proxy, members of the Company's KMP (which includes each of the Directors) will not be able to vote as proxy on Resolution 1 unless you direct them how to vote. In addition, Mr Verner's associates will not be able to vote your proxy on Resolutions 4,5 & 6 and Ms Watts associates will not be able to vote on resolution 6, unless you direct them how to vote. If you intend to appoint such a person as your proxy, you should read the voting exclusions carefully and ensure that you direct them how to vote on Resolutions 1, 4, 5, 6, 7 and 8 by marking either "For", "Against" or "Abstain" on the Proxy Form.
9. Proxy Forms must be signed by a Shareholder or the Shareholder's attorney or, if a corporation, executed under seal or in accordance with section 127 of the Corporations Act, or signed by an authorised officer or agent.
10. A Proxy Form is attached. If required, the Proxy Form should be completed and signed (and if the appointment is signed by the appointer's attorney, the original authority under which the appointment was signed or a certified copy of the authority). Proxy forms must be returned to Computershare Investor Services Pty Limited in accordance with the instructions set out in the Proxy Form by no later than 10:00am (AEST) on Wednesday, 20 May 2020. You may lodge your proxy form:
  - electronically via [www.investorvote.com.au](http://www.investorvote.com.au); for intermediary online subscribers only (custodians) – please visit [www.intermediaryonline.com](http://www.intermediaryonline.com)
  - by hand delivery to Computershare Investor Services Pty Ltd, 452 Johnston Street, Abbotsford, Victoria 3067;
  - by post to Computershare Investor Services Pty Ltd, GPO Box 242, Melbourne, Victoria 3001; or
  - by fax to 1800 783 447 (within Australia), or +61 3 9473 2555 (outside Australia).
11. Direct voting online during the AGM will be available as follows.
  - Online at <https://web.lumiagm.com> or
  - Using the Lumi AGM App
    1. The meeting ID is: 356-779-337
    2. Your username, which is your SRN/HIN
    3. Your password, which is the postcode registered to your holding if you are an Australian shareholder. Overseas shareholders should refer to the User Guide for their password details.

Attending the meeting online enables shareholders to view the AGM live and to also ask questions and cast direct votes at the appropriate times whilst the meeting is in progress.

More information regarding participating in the AGM online, including browser requirements and how to download the App, is detailed in the User Guide available at <http://www.syrahresources.com.au/annual-general-meetings>.

## GLOSSARY

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

“\$” means Australian Dollars;

“**10% Placement Facility**” has the meaning as defined in the Explanatory Memorandum for Resolution 9;

“**10% Placement Period Facility**” has the meaning as defined in the Explanatory Memorandum for Resolution 9;

“**Annual Report**” means the Directors’ Report, the Financial Report, and Auditor’s Report, in respect of the year ended 31 December 2019;

“**ASIC**” means the Australian Securities and Investments Commission;

“**associate**” has the meaning given to it in the Listing Rules;

“**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, in respect of the year ended 31 December 2019;

“**AEST**” means Australian Eastern Standard Time;

“**BAM**” means Battery Anode Material;

“**Board**” means the Directors acting as the Board of Directors of the Company;

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

“**Closely Related Party**” has the meaning given in section 9 of the Corporations Act;

“**Company**” or “**Syrah**” means Syrah Resources Limited ABN 77 125 242 284;

“**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;

“**Directors’ Report**” means the annual directors’ report prepared under Chapter 2M of the Corporations Act for the Company and its controlled entities, in respect of the year ended 31 December 2019;

“**Equity Incentive Plan**” or “**EIP**” means the Equity Incentive Plan established and approved by shareholders at the Annual General Meeting on 17 May 2018, and which applies to all shares, performance rights and options offered from 17 May 2018 onwards.

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

“**Explanatory Memorandum**” means the explanatory memorandum which forms part of the Notice;

“**Financial Report**” means the financial report prepared under Chapter 2M of the Corporations Act for the Company and its controlled entities, in respect of the year ended 31 December 2019;

“**Group**” means the Company and its subsidiaries;

“**Hybrid Meeting**” means a meeting that combines a “live” in-person meeting at a physical location with a “virtual” online component for remote attendees.

“**KMP or Key Management Personnel**” 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);

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

“**Meeting**” the Annual General Meeting of Shareholders of the Company referred to in the introductory paragraph of the Notice;

“**NED**” means each of the Non-Executive Directors of the Company;

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

“**Performance Date**” means the final day of the Performance Period;

“**Performance Rights**” means the performance rights issued pursuant to, and in accordance with the terms of, the Equity Incentive Plan;

“**Performance Hurdles**” has the meaning given to it in the Explanatory Memorandum;

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

“**Remuneration and Nomination Committee**” means the Remuneration and Nomination Committee of the Company;

“**Remuneration Report**” means the remuneration report, which forms part of the Directors’ Report and which is set out in the Annual Report;

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

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

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

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

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

“**VWAP**” means the volume weighted average price of the shares in the Company.

# Annexure 1

## Material Terms of Equity Incentive Plan

### Offers under the Equity Incentive Plan and eligibility

Under the Equity Incentive Plan or **EIP**, the Board may invite eligible employees (being an employee of the Group (including a Director employed in an executive capacity)) or any other person who is declared by the Board to be eligible to receive a grant of incentive securities under the EIP) to participate in a grant of incentive securities, which may comprise restricted shares, performance rights and/or options (**Incentive Securities**) and/or shares. Offers will be made to eligible employees on the terms set out in the EIP and on any additional terms as the Board determines.

### Vesting and exercise

Restricted shares, options and/or performance rights granted under the EIP will vest, and in the case of options, become exercisable, where any performance condition and any other relevant conditions advised to the participant by the Board have been satisfied.

On vesting of a performance right or following the exercise of an option (as the case may be), the Board will allocate the number of shares in respect of which the performance rights have vested, or the options have been exercised. Any shares issued under the EIP will rank equally in all respects with other shares on issue at that time (except as regards any rights attaching to such shares by reference to a record date prior to the date of their issue).

### Cessation of employment

Where a participant ceases to be an employee of the Group, the Board may determine (in its absolute discretion) that some or all of a participant's Incentive Securities lapse, vest, are forfeited, are exercisable for a prescribed period (if applicable), or are no longer subject to some of the restrictions that previously applied. Alternatively, the Board may specify in any offer to the participant how the participant's Incentive Securities are to be treated on cessation of employment.

### Change of control

In the event of a takeover bid, transaction, event or state of affairs that, in the Board's opinion, is likely to result in a change of control of the Company, the Board may, in its absolute discretion, determine that all or a specified number of a participant's Incentive Securities vest or cease to be subject to restrictions (as applicable).

In the event of an actual change in the control of the Company then, unless the Board determines otherwise, a pro rata portion of all unvested Incentive Securities will immediately vest or cease to be subject to restrictions (as applicable) based on the portion of the vesting period that has elapsed.

Alternatively, the Board may specify in any offer to the participant how the participant's Incentive Securities are to be treated on a change of control of the Company.

### Corporate actions/reconstructions

In accordance with the terms of the EIP, prior to the allocation of shares to a participant upon vesting of performance rights or exercise of options (as the case may be), the Board may make any adjustments it considers appropriate to the terms of a performance right and/or option granted to a participant in order to minimise or eliminate any material advantage or disadvantage to a participant resulting from a corporate action or capital reconstruction.

### Dealings in Incentive Securities

Subject to the Company's Securities Trading Policy, any dealing in respect of an Incentive Security is prohibited unless the Board determines otherwise or the dealing is required by law.

**Clawback**

If, in the opinion of the Board, a participant's Incentive Securities vest or may vest as a result of the fraud, dishonesty or breach of duties or obligations of any other person, the Board may determine that Incentive Securities held on behalf of the participant will lapse or be forfeited, and/or that the participant must pay or repay as a debt proceeds from shares allocated to the participant under the EIP.

**Administration of the EIP**

The EIP is administered by the Board which has the power to determine appropriate procedures for administration of the EIP including to implement an employee share trust for the purposes of delivering and holding shares on behalf of participants upon the grant or exercise of Incentive Securities (as applicable), and may delegate their power arising under the EIP.

## Annexure 2

### CASH ISSUES

Date	Number of Securities	Security Type	Terms	Description	Party or Basis	Price	Discount	Total Consideration	Use of Consideration
21/06/2019	31,042,087	FPO	FPO	Completion of the institutional component of its 1-for-5 pro rata accelerated non-renounceable entitlement offer	Institutional Entitlement Offer	\$0.81 per share	N/A	A\$25,144,090	The proceeds of the Capital Raising provided Syrah with additional liquidity and greater flexibility to tailor Balama production ramp-up in accordance with global natural graphite demand, enabling orderly price negotiations.
16/07/2019	37,852,622	FPO	FPO	Completion of the retail component of its 1-for-5 pro rata accelerated non-renounceable entitlement offer	Retail Entitlement Offer	\$0.81 per share	N/A	A\$30,660,624	The proceeds of the Capital Raising provided Syrah with additional liquidity and greater flexibility to tailor Balama production ramp-up in accordance with global natural graphite demand, enabling orderly price negotiations.
28/10/2018	1	UCN	Note 5	Issue of Unlisted Convertible Note to sophisticated investor	AustralianSuper Pty Ltd	\$55,800,000 per note	N/A	A\$55,800,000	General corporate and working capital purposes of the Group
<b>Total</b>	<b>68,894,710</b>	-	-	-	-	-	-	<b>A\$111,604,714</b>	-

### NON-CASH ISSUES

Date	Number of Securities	Security Type	Terms	Description	Party or Basis	Price	Discount	Total Consideration	Use of Consideration
27/05/2019	180,470	FPO	FPO	In respect of the STI as approved by shareholders at the Company's Annual General Meeting on 24 May 2019	Mr Shaun Verner's nominee	Deemed issue price of \$1.165	N/a	Deemed consideration of A\$210,248	N/A
27/05/2019	217,558	PR	Note 1	As approved by the shareholders at the Company's Annual General Meeting on 24 May 2019	Mr Shaun Verner's nominee	Nil	N/A	N/A	N/A
27/05/2019	400,000	UO	Note 2	As approved by the shareholders at the	Ms Lisa Bahash	Nil	N/A	N/A	N/A

				Company's Annual General Meeting on 24 May 2019					
05/09/2019	600,194	PR	Note 3	Issued in accordance with the Equity Incentive Plan	Eligible employees	Nil	N/A	N/A	N/A
07/10/2019	600,000	UO	Note 4	Issued in accordance with the Equity Incentive Plan	Eligible employees	Nil	N/A	N/A	N/A
12/11/2019	118,663	FPO	FPO	Exercise of Performance Rights	Eligible employees	Nil	N/A	N/A	N/A
06/01/2020	178,145	FPO	FPO	Issued under the Equity Incentive Plan as approved by shareholder on 17 May 2018	Eligible employee	Deemed issue price of \$0.461 (46.1 cents) per Share.	N/A	Deemed consideration of A\$82,125	N/A
05/09/2019	3,094,247	PR	Note 6	Issued in accordance with the Equity Incentive Plan	Eligible employees	Nil	N/A	N/A	N/A
12/03/2020	888,393	FPO	FPO	Issue of shares under the EIP in respect of short term incentives	Eligible employees	Deemed issue price of \$0.432 (43.2 cents) per share	N/A	Deemed consideration of A\$383,786	N/A
<b>Total Non-Cash</b>	<b>6,277,670</b>	-	-	-	-	-	-	-	-
<b>Grand Total</b>	<b>75,172,380</b>	-	-	-	-	-	-	<b>A\$111,604,714</b>	-

#### Glossary

FPO	Fully Paid Ordinary shares
PR	Performance Rights
UO	Unlisted Options
UCN	Unlisted Convertible Note

#### Notes

*Note 1* Unlisted Performance Rights to Mr Shaun Verner's nominee in respect of the Short Term Incentive, as approved by shareholders at the Company's Annual General Meeting on 24 May 2019, in respect of a vesting period of three years to 1 January 2022 and subject to the vesting conditions set out in the Syrah Resources Equity Incentive Plan (EIP), the corresponding invitation letter, the ASX and other applicable laws. No amount is payable on the vesting or exercise of the Unlisted Performance Rights if the Board determines the Vesting conditions are satisfied. All rights have been issued under the EIP approved by shareholders at the AGM 17 May 2018.

*Note 2* Unlisted options to Ms Lisa Bahash as approved by shareholders at the Company's Annual General Meeting on 24 May 2019, at an expiry date of 16 July 2021 and subject to the conditions set out in the EIP, the corresponding invitation letter, the ASX Listing Rules and other applicable laws. All options have been issued under the EIP approved by shareholders at the AGM 17 May 2018.

*Note 3* Performance Rights in respect of a vesting period of 1 July 2019 to 31 December 2020 with the proportion of Rights that vest being the subject to Vesting Conditions. Issued in accordance with the EIP. All Rights are subject to the terms and conditions of the EIP, the corresponding invitation, the ASX Listing Rules and other applicable laws. No amount is payable on the vesting or exercise of the Rights if the Board determines the vesting conditions are satisfied.

*Note 4* Unlisted Options at an exercise price of \$0.70 (70 cents) per Option payable at the time of exercise. The options will vest after 12 months and expire 3 years from the date of grant. All Options are subject to the terms and conditions of the EIP, the corresponding invitation, the ASX Listing Rules and other applicable laws.

Note 5 *Unlisted Convertible Note issued at a face value of A\$55,800,000 per Note. Maturity date is 5 years from the Subscription Date (28 October 2019), unless redeemed or converted earlier. Interest is to accrue on Principal Outstanding at a rate of (at the Company's discretion):*

- *8% per annum, capitalised quarterly in arrears and added to Principal Outstanding; or*
- *7.5% per annum if Syrah elects to make interest payments in cash.*

*The Initial Conversion Price of the Convertible Note is A\$1.0036 per Share. Australian Super may elect to fully convert into fully paid ordinary shares of Syrah any time after 30 months from the Subscription Date and prior to maturity date.*

Note 6 *3,026,960 Unlisted Performance Rights in respect of a vesting period of three years to 1 January 2023 and subject to the vesting conditions set out in the Equity Incentive Plan (EIP) and corresponding invitation, the ASX Listing Rules and other applicable laws.*

*67,287 Unlisted Performance Rights in respect of a vesting period of three years to 1 January 2022 and subject to the vesting conditions set out in the Equity Incentive Plan (EIP) and corresponding invitation, the ASX Listing Rules and other applicable laws.*

*No amount is payable on the vesting or exercise of the Unlisted Performance Rights, if the Board determines the Vesting conditions are satisfied.*



## Need assistance?



**Phone:**

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



**Online:**

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



## YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **10.00am (AEST) Wednesday 20 May 2020.**

# Proxy Form

## How to Vote on Items of Business

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

### APPOINTMENT OF PROXY

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

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

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

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

## SIGNING INSTRUCTIONS FOR POSTAL FORMS

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

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

**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

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

## ATTENDING THE MEETING

**If you are attending in person, please bring this form with you to assist registration.**

### Corporate Representative

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

## Lodge your Proxy Form:

### Online:

Lodge your vote online at [www.investorvote.com.au](http://www.investorvote.com.au) using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is



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

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

### By Mail:

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

### By Fax:

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



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

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

# Proxy Form

Please mark  to indicate your directions

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

I/We being a member/s of Syrah Resources Limited hereby appoint

the Chairman of the Meeting **OR**

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

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Syrah Resources Limited to be held at Level 28, 360 Collins Street Melbourne VIC 3000 on Friday, 22 May 2020 at 10.00am (AEST) and at any adjournment or postponement of that Meeting.

**Chairman authorised to exercise undirected proxies on remuneration related resolutions:** Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), by completing and submitting this form, I/we expressly authorise the Chairman to exercise my/our proxy on Resolutions 1, 4, 5, 6, 7 and 8 (except where I/we have indicated a different voting intention below) even though Resolutions 1, 4, 5, 6, 7 and 8 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

**Important Note:** If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolutions 1, 4, 5, 6, 7 and 8 by marking the appropriate box in step 2 below.

## STEP 2 Items of Business

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

		For	Against	Abstain
Resolution 1	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Election of Ms Sara Watts as a Director of the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Re-election of Mr Jose M Caldeira as a Director of the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Approval to grant 865,892 Performance Rights to Mr Shaun Verner (or his nominee) as part of Mr Verner's 2020 Long Term Incentive	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Approval to issue 286,473 fully paid ordinary shares to Mr Shaun Verner (or his nominee) as part of his 2019 Short Term Incentive	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Approval to grant 4,000,000 performance rights to Mr Shaun Verner (or his nominee) as a Five Year Performance and Retention Incentive	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Approval to grant 100,000 performance rights to Ms Sara Watts (or her nominee) as a Long Term Incentive	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8	Adoption of Non-Executive Director Share Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 9	Approval of 10% Placement Capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

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

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date

 /  /