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**BATTERY MINERALS LIMITED**

ACN 152 071 095

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**NOTICE OF ANNUAL GENERAL MEETING**

**The Annual General Meeting of the Company will be held at  
at The Celtic Club, 48 Ord Street, West Perth WA 6005 on  
Tuesday 21 May 2019 at 8.30am (WST).**

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

***Should you wish to discuss any matter please do not hesitate to contact the Company by telephone on (08) 6148 1000.***

# BATTERY MINERALS LIMITED

ACN 152 071 095

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## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the annual general meeting of Shareholders of Battery Minerals Limited (**Company**) will be held at at The Celtic Club, 48 Ord Street, West Perth, WA 6005 on Tuesday, 21 May 2019 at 8.30am (WST) (**Meeting**).

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

The Directors have determined pursuant to regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders on Sunday, 19 May 2019 at 5.00pm (WST).

Terms and abbreviations used in this Notice and Explanatory Memorandum are defined in Section 17.

## AGENDA

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### Annual Report

To table and consider the Annual Report of the Company and its controlled entities for the year ended 31 December 2018, which includes the Financial Report, the Directors' Report and the Auditor's Report.

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

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

*"That, pursuant to and in accordance with section 250R(2) of the Corporations Act and for all other purposes, the Remuneration Report be adopted by the Shareholders on the terms and conditions in the Explanatory Memorandum."*

#### Voting Exclusion

In accordance with section 250R of the Corporations Act, a vote on this Resolution must not be cast (in any capacity) by, or on behalf of:

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

However, a person described above may cast a vote on this Resolution if the vote is not cast on behalf of a person described in subparagraphs (a) or (b) above and either:

- (a) the person does so as a proxy appointed in writing that specifies how the proxy is to vote on Resolution 1; or

- (b) the person is the Chairman voting an undirected proxy which expressly authorises the Chairman to vote the proxy on a resolution connected with the remuneration of a member of the Key Management Personnel.

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## 2. Resolution 2 – Re-election of Mr. David Flanagan as a Director

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

*"That, pursuant to and in accordance with clause 13.2 of the Constitution and for all other purposes, Mr David Flanagan, Director, retires and being eligible, is re-elected as a Director on the terms and conditions in the Explanatory Memorandum"*

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## 3. Resolution 3 – Re-election of Mr. Paul Glasson as a Director

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

*"That, pursuant to and in accordance with clause 13.2 of the Constitution and for all other purposes, Mr Paul Glasson, Director, retires and being eligible, is re-elected as a Director on the terms and conditions in the Explanatory Memorandum".*

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## 4. Resolution 4 – Ratification of Tranche 1 Placement Shares

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

*"That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders approve and ratify the prior issue by the Company of 160,000,000 Shares at an issue price of \$0.025 (Tranche 1 Placement Shares) on the terms and conditions set out in the Explanatory Memorandum."*

### **Voting Exclusion**

The Company will disregard any votes cast in favour of this Resolution by or on behalf of any person who participated in the issue of these Shares or any of their associates.

However, the Company will not disregard a vote if:

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

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## 5. Resolution 5 – Authority to grant Tranche 1 Placement Options

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

*"That, for the purpose of Listing Rule 7.1 and for all other purposes, Shareholders approve and authorise the Company to issue 80,000,000 Capital Raising Options (Tranche 1 Placement Options) on the terms and conditions set out in the Explanatory Memorandum."*

### **Voting Exclusion**

The Company will disregard any votes cast in favour of this Resolution by or on behalf of a person who may participate in the grant of the Tranche 1 Placement Options, and a person who might obtain a material benefit (except a benefit solely in their capacity as holder of ordinary securities) if the Resolution is passed or any associates of those persons.

However, the Company will not disregard a vote if:

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

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## **6. Resolution 6 – Authority to issue Tranche 2 Placement Securities**

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

*"That, for the purpose of Listing Rule 7.1 and for all other purposes, Shareholders approve and authorise the Company to issue up to 44,420,000 Shares and 22,210,000 Capital Raising Options (**Tranche 2 Placement Securities**) on the terms and conditions set out in the Explanatory Memorandum."*

### **Voting Exclusion**

The Company will disregard any votes cast in favour of this Resolution by or on behalf of a person who may participate in the issue of the Tranche 2 Placement Securities, and a person who might obtain a material benefit (except a benefit solely in their capacity as holder of ordinary securities) if the Resolution is passed or any associates of those persons.

However, the Company will not disregard a vote if:

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

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## **7. Resolution 7 – Authority for Mr. David Flanagan to participate in the Tranche 2 Placement**

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

*"That, subject to Resolution 6 being passed, for the purpose of Listing Rule 10.11, and for all other purposes, Shareholders approve and authorise Mr. David Flanagan (and/or his nominees) to participate in the Tranche 2 Placement to the extent of up to 2,000,000 Tranche 2 Placement Shares and 1,000,000 Tranche 2 Placement Options on the terms and conditions set out in the Explanatory Memorandum."*

### **Voting Exclusion**

The Company will disregard any votes cast in favour of this Resolution by or on behalf of Mr. David Flanagan and his nominees and or associates of those persons.

However, the Company will not disregard a vote if:

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

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## 8. Resolution 8 – Authority for Mr. Jeff Dowling to participate in the Tranche 2 Placement

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

*"That, subject to Resolution 6 being passed, for the purpose of Listing Rule 10.11, and for all other purposes, Shareholders approve and authorise Mr. Jeff Dowling (and/or his nominees) to participate in the Tranche 2 Placement to the extent of up to 500,000 Tranche 2 Placement Shares and 250,000 Tranche 2 Placement Options on the terms and conditions set out in the Explanatory Memorandum."*

### **Voting Exclusion**

The Company will disregard any votes cast in favour of this Resolution by or on behalf of Mr. Jeff Dowling and his nominees or any associates of those persons.

However, the Company will not disregard a vote if:

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

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## 9. Resolution 9 – Authority for Mr. Jeremy Sinclair to participate in the Tranche 2 Placement

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

*"That, subject to Resolution 6 being passed, for the purpose of Listing Rule 10.11, and for all other purposes, Shareholders approve and authorise Mr. Jeremy Sinclair (and/or his nominees) to participate in the Tranche 2 Placement to the extent of up to 4,000,000 Tranche 2 Placement Shares and 2,000,000 Tranche 2 Placement Options on the terms and conditions set out in the Explanatory Memorandum."*

### **Voting Exclusion**

The Company will disregard any votes cast in favour of this Resolution by or on behalf of Mr. Jeremy Sinclair and his nominees or any associates of those persons.

However, the Company will not disregard a vote if:

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

- (b) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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## 10. Resolution 10 – Authority for Mr. Gilbert George to participate in the Tranche 2 Placement

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

*"That, subject to Resolution 6 being passed, for the purpose of Listing Rule 10.11, and for all other purposes, Shareholders approve and authorise Mr. Gilbert George (and/or his nominees) to participate in the Tranche 2 Placement to the extent of up to 1,000,000 Tranche 2 Placement Shares and 500,000 Tranche 2 Placement Options on the terms and conditions set out in the Explanatory Memorandum."*

### **Voting Exclusion**

The Company will disregard any votes cast in favour of this Resolution by or on behalf of Mr. Gilbert George and his nominees or any associates of those persons.

However, the Company will not disregard a vote if:

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

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## 11. Resolution 11 – Authority for Ms. Ivy Chen to participate in the Tranche 2 Placement

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

*"That, subject to Resolution 6 being passed, for the purpose of Listing Rule 10.11, and for all other purposes, Shareholders approve and authorise Ms. Ivy Chen (and/or her nominees) to participate in the Tranche 2 Placement to the extent of up to 120,000 Tranche 2 Placement Shares and 60,000 Tranche 2 Placement Options on the terms and conditions set out in the Explanatory Memorandum."*

### **Voting Exclusion**

The Company will disregard any votes cast in favour of this Resolution by or on behalf of Ms. Ivy Chen and her nominees or any associates of those persons.

However, the Company will not disregard a vote if:

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

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## **12. Resolution 12 – Approval to issue ZEPO Options to Mr. David Flanagan, issue Shares upon exercise of the Options, and to give potential retirement benefits**

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

*"That for the purpose of Listing Rule 10.11, sections 200B and 200E of the Corporations Act and for all other purposes, Shareholders approve the issue of 8,000,000 ZEPO Options to Mr. David Flanagan (including the issue of up to 8,000,000 Shares on exercise of those ZEPO Options) on the terms and conditions set out in the Explanatory Memorandum."*

### **Voting Prohibition and Exclusion Statement:**

The Company will disregard any votes cast in favour of this Resolution by or on behalf of the Mr. David Flanagan or any of his associates.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

In accordance with section 250BD of the Corporations Act, a vote on this Resolution must not be cast by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member.

However, a vote may be cast by such person if the vote is not cast on behalf of a person who is otherwise excluded from voting, and

- (a) the person is appointed as a proxy and the appointment specifies how the proxy is to vote; or
- (b) the person appointed as proxy is the Chairman and the appointment does not specify how the Chairman is to vote but expressly authorises the Chairman to exercise the proxy even if the Resolution is connected with the remuneration of a member of the Key Management Personnel.

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## **13. Resolution 13 – Approval to issue ZEPO Options to Mr. Jeremy Sinclair, issue Shares upon exercise of the Options, and to give potential retirement benefits**

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

*"That for the purpose of Listing Rule 10.11, sections 200B and 200E of the Corporations Act and for all other purposes, Shareholders approve the issue of 50,000,000 ZEPO Options to Mr. Jeremy Sinclair (including the issue of up to 50,000,000 Shares on exercise of those ZEPO Options) on the terms and conditions set out in the Explanatory Memorandum."*

### **Voting Prohibition and Exclusion Statement:**

The Company will disregard any votes cast in favour of this Resolution by or on behalf Mr. Jeremy Sinclair or any of his associates.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

In accordance with section 250BD of the Corporations Act, a vote on this Resolution must not be cast by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member.

However, a vote may be cast by such person if the vote is not cast on behalf of a person who is otherwise excluded from voting, and

- (a) the person is appointed as a proxy and the appointment specifies how the proxy is to vote; or
- (b) the person appointed as proxy is the Chairman and the appointment does not specify how the Chairman is to vote but expressly authorises the Chairman to exercise the proxy even if the Resolution is connected with the remuneration of a member of the Key Management Personnel.

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## **14. Resolution 14 – Approval to issue ZEPO Options to Mr. Jeff Dowling, issue Shares upon exercise of the Options, and to give potential retirement benefits**

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

*"That for the purpose of Listing Rule 10.11, sections 200B and 200E of the Corporations Act and for all other purposes, Shareholders approve the issue of 7,500,000 ZEPO Options to Mr. Jeff Dowling (including the issue of up to 7,500,000 Shares on exercise of those ZEPO Options) on the terms and conditions set out in the Explanatory Memorandum."*

### **Voting Prohibition and Exclusion Statement:**

The Company will disregard any votes cast in favour of this Resolution by or on behalf Mr. Jeff Dowling or any of his associates.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

In accordance with section 250BD of the Corporations Act, a vote on this Resolution must not be cast by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member.

However, a vote may be cast by such person if the vote is not cast on behalf of a person who is otherwise excluded from voting, and

- (a) the person is appointed as a proxy and the appointment specifies how the proxy is to vote; or

- (b) the person appointed as proxy is the Chairman and the appointment does not specify how the Chairman is to vote but expressly authorises the Chairman to exercise the proxy even if the Resolution is connected with the remuneration of a member of the Key Management Personnel.

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## **15. Resolution 15 – Approval to issue ZEPO Options to Ms. Ivy Chen, issue Shares upon exercise of the Options, and to give potential retirement benefits**

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

*"That for the purpose of Listing Rule 10.11, sections 200B and 200E of the Corporations Act and for all other purposes, Shareholders approve the issue of 6,000,000 ZEPO Options to Ms. Ivy Chen (including the issue of up to 6,000,000 Shares on exercise of those ZEPO Options) on the terms and conditions set out in the Explanatory Memorandum."*

### **Voting Prohibition and Exclusion Statement:**

The Company will disregard any votes cast in favour of this Resolution by or on behalf Ms. Ivy Chen or any of her associates.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

In accordance with section 250BD of the Corporations Act, a vote on this Resolution must not be cast by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member.

However, a vote may be cast by such person if the vote is not cast on behalf of a person who is otherwise excluded from voting, and

- (a) the person is appointed as a proxy and the appointment specifies how the proxy is to vote; or
- (b) the person appointed as proxy is the Chairman and the appointment does not specify how the Chairman is to vote but expressly authorises the Chairman to exercise the proxy even if the Resolution is connected with the remuneration of a member of the Key Management Personnel.

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## **16. Resolution 16 – Approval to issue ZEPO Options to Mr. Paul Glasson, issue Shares upon exercise of the Options, and to give potential retirement benefits**

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

*"That for the purpose of Listing Rule 10.11, sections 200B and 200E of the Corporations Act and for all other purposes, Shareholders approve the issue of 6,000,000 ZEPO Options to Mr. Paul Glasson (including the issue of up to 6,000,000 Shares on exercise of those ZEPO Options) on the terms and conditions set out in the Explanatory Memorandum."*

**Voting Prohibition and Exclusion Statement:**

The Company will disregard any votes cast in favour of this Resolution by or on behalf of Mr. Paul Glasson or any of his associates.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

In accordance with section 250BD of the Corporations Act, a vote on this Resolution must not be cast by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member.

However, a vote may be cast by such person if the vote is not cast on behalf of a person who is otherwise excluded from voting, and

- (a) the person is appointed as a proxy and the appointment specifies how the proxy is to vote; or
- (b) the person appointed as proxy is the Chairman and the appointment does not specify how the Chairman is to vote but expressly authorises the Chairman to exercise the proxy even if the Resolution is connected with the remuneration of a member of the Key Management Personnel.

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**17. Resolution 17 – Authority to issue ZEPO Options to Employees and issue Shares upon exercise of the Options**

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

*"That, for the purpose of Listing Rule 7.1 and for all other purposes, Shareholders approve and authorise the Company to issue up to 81,600,000 ZEPO Options to Employees, who are not Directors of the Company, none of whom are related parties or associates of related parties of the Company, on the terms and conditions set out in the Explanatory Memorandum."*

**Voting Exclusion**

The Company will disregard any votes cast in favour of this Resolution by or on behalf of a person who may participate in the issue of ZEPO Options to Employees, and a person who might obtain a material benefit (except a benefit solely in their capacity as holder of ordinary securities) if the Resolution is passed or any associates of those persons.

However, the Company will not disregard a vote if:

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

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## **18. Resolution 18 – Approval of potential termination benefits in connection with ZEPO Options to be issued to Mr. David Flanagan in accordance with Resolution 12**

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

*"That, subject to Resolution 12 being passed, for the purpose of Listing Rule 10.19, Shareholders approve the provision of termination benefits in connection with the 8,000,000 ZEPO Options to be issued to Mr. David Flanagan in accordance with Resolution 12, on the terms and conditions set out in the Explanatory Memorandum."*

### **Voting Prohibition and Exclusion Statement:**

The Company will disregard any votes cast in favour of this Resolution by or on behalf any officer of the Company, or any of its child entities, who is entitled to participate in a termination benefit or any of their associates.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

In accordance with section 250BD of the Corporations Act, a vote on this Resolution must not be cast by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member.

However, a vote may be cast by such person if the vote is not cast on behalf of a person who is otherwise excluded from voting, and

- (a) the person is appointed as a proxy and the appointment specifies how the proxy is to vote; or
- (b) the person appointed as proxy is the Chairman and the appointment does not specify how the Chairman is to vote but expressly authorises the Chairman to exercise the proxy even if the Resolution is connected with the remuneration of a member of the Key Management Personnel.

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## **19. Resolution 19 – Approval of potential termination benefits in connection with ZEPO Options to be issued to Mr. Jeremy Sinclair in accordance with Resolution 13**

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

*"That, subject to Resolution 13 being passed, for the purpose of Listing Rule 10.19, Shareholders approve the provision of termination benefits in connection with the 50,000,000 ZEPO Options to be issued to Mr. Jeremy Sinclair in accordance with Resolution 13, on the terms and conditions set out in the Explanatory Memorandum."*

**Voting Prohibition and Exclusion Statement:**

The Company will disregard any votes cast in favour of this Resolution by or on behalf any officer of the Company, or any of its child entities, who is entitled to participate in a termination benefit or any of their associates.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

In accordance with section 250BD of the Corporations Act, a vote on this Resolution must not be cast by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member.

However, a vote may be cast by such person if the vote is not cast on behalf of a person who is otherwise excluded from voting, and

- (a) the person is appointed as a proxy and the appointment specifies how the proxy is to vote; or
- (b) the person appointed as proxy is the Chairman and the appointment does not specify how the Chairman is to vote but expressly authorises the Chairman to exercise the proxy even if the Resolution is connected with the remuneration of a member of the Key Management Personnel.

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**20. Resolution 20 – Approval of potential termination benefits in connection with ZEPO Options to be issued to Mr. Jeff Dowling in accordance with Resolution 14**

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

*"That, subject to Resolution 14 being passed, for the purpose of Listing Rule 10.19, Shareholders approve the provision of termination benefits in connection with the 7,500,000 ZEPO Options to be issued to Mr. Jeff Dowling in accordance with Resolution 14, on the terms and conditions set out in the Explanatory Memorandum."*

**Voting Prohibition and Exclusion Statement:**

The Company will disregard any votes cast in favour of this Resolution by or on behalf any officer of the Company, or any of its child entities, who is entitled to participate in a termination benefit or any of their associates.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

In accordance with section 250BD of the Corporations Act, a vote on this Resolution must not be cast by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member.

However, a vote may be cast by such person if the vote is not cast on behalf of a person who is otherwise excluded from voting, and

- (a) the person is appointed as a proxy and the appointment specifies how the proxy is to vote; or
- (b) the person appointed as proxy is the Chairman and the appointment does not specify how the Chairman is to vote but expressly authorises the Chairman to exercise the proxy even if the Resolution is connected with the remuneration of a member of the Key Management Personnel.

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## **21. Resolution 21 – Approval of potential termination benefits in connection with ZEPO Options to be issued to Ms. Ivy Chen in accordance with Resolution 15**

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

*"That, subject to Resolution 15 being passed, for the purpose of Listing Rule 10.19, Shareholders approve the provision of termination benefits in connection with the 6,000,000 ZEPO Options to be issued to Ms. Ivy Chen in accordance with Resolution 15, on the terms and conditions set out in the Explanatory Memorandum."*

### **Voting Prohibition and Exclusion Statement:**

The Company will disregard any votes cast in favour of this Resolution by or on behalf any officer of the Company, or any of its child entities, who is entitled to participate in a termination benefit or any of their associates.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

In accordance with section 250BD of the Corporations Act, a vote on this Resolution must not be cast by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member.

However, a vote may be cast by such person if the vote is not cast on behalf of a person who is otherwise excluded from voting, and

- (a) the person is appointed as a proxy and the appointment specifies how the proxy is to vote; or
- (b) the person appointed as proxy is the Chairman and the appointment does not specify how the Chairman is to vote but expressly authorises the Chairman to exercise the proxy even if the Resolution is connected with the remuneration of a member of the Key Management Personnel.

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## **22. Resolution 22 – Approval of potential termination benefits in connection with ZEPO Options to be issued to Mr. Paul Glasson in accordance with Resolution 16**

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

*"That, subject to Resolution 16 being passed, for the purpose of Listing Rule 10.19, Shareholders approve the provision of termination benefits in connection with the 6,000,000 ZEPO Options to be issued to Mr. Paul Glasson in accordance with Resolution 16, on the terms and conditions set out in the Explanatory Memorandum."*

### **Voting Prohibition and Exclusion Statement:**

The Company will disregard any votes cast in favour of this Resolution by or on behalf any officer of the Company, or any of its child entities, who is entitled to participate in a termination benefit or any of their associates.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

In accordance with section 250BD of the Corporations Act, a vote on this Resolution must not be cast by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member.

However, a vote may be cast by such person if the vote is not cast on behalf of a person who is otherwise excluded from voting, and

- (a) the person is appointed as a proxy and the appointment specifies how the proxy is to vote; or
- (b) the person appointed as proxy is the Chairman and the appointment does not specify how the Chairman is to vote but expressly authorises the Chairman to exercise the proxy even if the Resolution is connected with the remuneration of a member of the Key Management Personnel.

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## **23. Resolution 23 – Approval of potential termination benefits in connection with existing ZEPO Options previously issued to Mr. David Flanagan**

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

*"That for the purpose of Listing Rule 10.19, Shareholders approve the provision of termination benefits in connection with the 20,000,000 ZEPO Options previously issued to Mr. David Flanagan on the terms and conditions set out in the Explanatory Memorandum."*

**Voting Prohibition and Exclusion Statement:**

The Company will disregard any votes cast in favour of this Resolution by or on behalf any officer of the Company, or any of its child entities, who is entitled to participate in a termination benefit or any of their associates.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

In accordance with section 250BD of the Corporations Act, a vote on this Resolution must not be cast by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member.

However, a vote may be cast by such person if the vote is not cast on behalf of a person who is otherwise excluded from voting, and

- (a) the person is appointed as a proxy and the appointment specifies how the proxy is to vote; or
- (b) the person appointed as proxy is the Chairman and the appointment does not specify how the Chairman is to vote but expressly authorises the Chairman to exercise the proxy even if the Resolution is connected with the remuneration of a member of the Key Management Personnel.

**Chairman voting intentions**

The Chairman of the Meeting (where appropriately authorised) intends to vote all available undirected proxies in favour of Resolutions 1 to 23 (inclusive).

Dated 15 April 2019

**BY ORDER OF THE BOARD**

Mr. Tony Walsh  
Company Secretary

# BATTERY MINERALS LIMITED

ACN 152 071 095

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## EXPLANATORY MEMORANDUM

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### 1. Introduction

This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Annual General Meeting of the Company to be held at The Celtic Club, 48 Ord Street, West Perth WA 6005 on Tuesday, 21 May 2019 at 8.30am (WST).

This Explanatory Memorandum should be read in conjunction with and forms part of the accompanying Notice. The purpose of this Explanatory Memorandum is to provide information to Shareholders in deciding whether or not to pass the Resolutions set out in the Notice.

A Proxy Form is located at the end of the Explanatory Memorandum.

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### 2. Action to be taken by Shareholders

Shareholders should read the Notice and this Explanatory Memorandum carefully before deciding how to vote on the Resolutions.

#### 2.1 Proxies

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative (a 'proxy') to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions thereon. Lodgment of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

Please note that:

- (a) a member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a member of the Company; and
- (c) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

## **2.2 Voting Prohibition by Proxy Holders (Remuneration Report)**

In accordance with section 250R of the Corporations Act, a vote on Resolution 1 must not be cast (in any capacity) by, or on behalf of:

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

However, a person described above may cast a vote on Resolution 1 if the vote is not cast on behalf of a person described in subparagraphs (a) or (b) above and either:

- (a) the person does so as a proxy appointed in writing that specifies how the proxy is to vote on Resolution 1; or
- (b) the person is the Chairman voting an undirected proxy which expressly authorises the Chairman to exercise the proxy even if Resolution 1 is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

A vote on Resolutions 1 must not be cast by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member.

However, a vote may be cast by such persons if the vote is not cast on behalf of a person who is excluded from voting on this Resolution, and:

- (a) the person is appointed as a proxy that specifies the way the proxy is to vote on this Resolution; or
- (b) the person is the Chairman and the appointment of the Chairman as proxy does not specify the way the proxy is to vote on this Resolution, but expressly authorises the Chairman to exercise the proxy even if this Resolution is connected with the remuneration of a member of the Key Management Personnel.

## **2.3 Voting Prohibition by Proxy Holders (Remuneration of Key Management Personnel)**

A vote on Resolutions 12 to 16 (inclusive) and 18 to 23 (inclusive) must not be cast by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member.

However, a vote may be cast by such persons if the vote is not cast on behalf of a person who is excluded from voting on the Resolution, and:

- (a) the person is appointed as a proxy that specifies the way the proxy is to vote on the Resolution; or
- (b) the person is the Chairman and the appointment of the Chairman as proxy does not specify the way the proxy is to vote on the Resolution, but expressly authorises the Chairman to exercise the proxy even if the Resolution is connected with the remuneration of a member of the Key Management Personnel.

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## **3. Annual Report**

Shareholders will be offered the opportunity to discuss the Annual Report at the Meeting. Copies of the report can be found on the Company's website [www.batteryminerals.com](http://www.batteryminerals.com) or by contacting the Company on (08) 6148 1000.

There is no requirement for Shareholders to approve the Annual Report.

Shareholders will be offered the following opportunities:

- (a) discuss the Annual Report for the financial year ended 31 December 2018;
- (b) ask questions about, or make comment on, the management of the Company;
- (c) ask questions about, or make comment on, the Remuneration Report; and
- (d) ask the auditor questions about:
  - (i) the conduct of the audit;
  - (ii) the preparation and content of the Auditor's Report;
  - (iii) accounting policies adopted by the Company in relation to the preparation of the financial statements; and
  - (iv) the independence of the auditor in relation to the conduct of the audit.

In addition to taking questions at the Meeting, written questions to the Chairman about the management of the Company, or to the Company's auditor about:

- (a) the content of the Auditor's Report; and
- (b) the conduct of the audit of the Financial Report,

may be submitted no later than 5 business days before the Meeting to the Company Secretary at the Company's registered office.

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## 4. Resolution 1 – Adoption of Remuneration Report

Section 250R(2) of the Corporations Act provides that the Company is required to put the Remuneration Report to the vote of Shareholders. The Directors' Report contains a Remuneration Report which sets out the remuneration policy for the Company and reports the remuneration arrangements in place for the executive and non-executive directors.

Section 250R(3) of the Corporations Act provides that Resolution 1 is advisory only and does not bind the Directors of the Company. Of itself, a failure of Shareholders to pass Resolution 1 will not require the Directors to alter any of the arrangements in the Remuneration Report.

However, the Corporations Act has been amended by the *Corporations Amendment (Improving Accountability on Director and Executive Remuneration) Act (Director and Executive Remuneration Act)* which received the Royal Assent on 27 June 2011 and came into effect on 1 July 2011.

The Director and Executive Remuneration Act introduced new sections 250U and 250Y, among others, into the Corporations Act, giving Shareholders the opportunity to remove the Board if the Remuneration Report receives a 'no' vote of 25% or more at two consecutive annual general meetings (**Two Strikes Rule**).

Under the Two Strikes Rule, where a resolution on the Remuneration Report receives a 'no' vote of 25% or more at two consecutive annual general meetings, the Company will be required to put to Shareholders at the second annual general meeting, a resolution on whether another meeting should be held (within 90 days) at which all Directors (other than the Managing Director) who were in office at the date of approval of the applicable Directors' Report must stand for re-election.

At the Company's 2018 Annual General Meeting the remuneration report was approved by over 75% of shareholders.

In summary, if the Remuneration Report receives a 'no' vote of 25% or more at this Meeting, Shareholders should be aware that if there is a 'no' vote of 25% or more at the next annual general meeting the consequences are that all Directors (other than the Managing Director) may be up for re-election.

The Chairman will allow a reasonable opportunity for Shareholders as a whole to ask about, or make comments on the Remuneration Report.

The Chairman intends to exercise all undirected proxies in favour of Resolution 1. If the Chairman of the Meeting is appointed as your proxy and you have not specified the way the Chairman is to vote on Resolution 1, by signing and returning the Proxy Form, you are considered to have provided the Chairman with an express authorisation for the Chairman to vote the proxy in accordance with the Chairman's intention.

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## **5. Resolutions 2 and 3 – Re-election of Mr David Flanagan and Mr Paul Glasson as Directors**

Clause 13.2 of the Constitution requires that one third of the Directors must retire at each annual general meeting (rounded down to the nearest whole number). Clause 13.2 provides that a Director who retires under clause 13.2 is eligible for re-election. Mr David Flanagan and Mr Paul Glasson will retire by rotation and, being eligible, seek re-election.

As announced on 14 March 2019, Mr David Flanagan became the Executive Chairman of the Company effective 8 April 2019 and as Mr Flanagan is no longer the Managing Director, he needs to seek re-election as a Directors under clause 13.2 of the Constitution. In accordance with clause 13.2, Mr David Flanagan and Mr Paul Glasson hold office up until the Meeting and being eligible, seek re-election.

Mr. David Flanagan, BSc, WASM, MAusIMM, FAICD is currently Executive Chairman of the Board of the Company. Mr. Flanagan is a geologist with more than 25 years' experience in the mining and mineral exploration industry in Australia, Indonesia and Africa. Mr. Flanagan was the founding Managing Director at Atlas Iron. During his tenure at Atlas Iron he oversaw its growth from a junior exploration company, to an ASX top 100 listed iron ore exporter, and the operator of three iron mines producing at a rate of 12Mtpa. Mr. Flanagan is the Chancellor of Murdoch University, and during 2014 was named Western Australian of the Year. He was awarded an Eisenhower Fellowship in 2013 and remains active in the not for profit sector. In January 2018, David was awarded the prestigious Member of the General Division of the Order of Australia Award

Mr. Paul Glasson investment banking and China business specialist with more than 25 years' experience in investment banking, mining and China. Mr Glasson is a highly regarded China strategy specialist. He has lived in Shanghai for the past 20 years and is currently Executive Chairman of Satori Investments, a China focused investment advisory and private equity firm. He is a Life Member of the Australia China Business Council. Paul is well known as a foremost expert on Chinese outbound investment, having been recognised with Deal of the Year by Mines and Money in 2014 for his origination and lead on the Baosteel-Aurizon on-market hostile takeover of Aquila, as well as being Young Leader of Asia by the Boao Forum for three years. He was also the Australia China Business Council's key proponent in engaging with key Chinese government and enterprise from 2008-2014.

The Directors (excluding Mr David Flanagan and Mr Paul Glasson in respect of their own re-election) recommend that Shareholders vote in favour of Resolutions 2 and 3.

The Chairman intends to exercise all undirected proxies in favour of Resolutions 2 and 3.

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## 6. Background to Resolutions 4 to 11 (inclusive)

### 6.1 General

On 4 April 2019, the Company announced a capital raising comprising a two-tranche placement to sophisticated and professional investors to raise in aggregate a total of \$5.11 million (before costs) through the issue of up to 204,420,000 Shares at an issue price of \$0.025 per Share together with the grant of one free attaching quoted option for every two Shares issued, exercisable at \$0.10 on or before 31 July 2023 (**Capital Raising Option**) (**Placement** or the **Capital Raising**).

The funds raised from the Capital Raising will be used as follows:

Indicative Use of Funds	A\$
Montepuez graphite project (design, approvals, community & operating costs)	\$3,000,000
Balama Central graphite project (including approvals)	\$700,000
Working capital (Australian and Mozambique overheads)	\$1,070,500
Capital raising fees and costs	\$340,000
<b>Total</b>	<b>\$5,110,500</b>

In the event that Shareholders do not approve Resolutions 4 to 11 (inclusive), the Company will apply the funds raised pursuant to the issue of the Tranche 1 Placement Shares in accordance with the above table, on a pro rata basis.

### 6.2 Tranche 1 Placement

The Company completed the first tranche of the Placement on 12 April 2018 by issuing 160,000,000 Shares (**Tranche 1 Placement Shares**), to raise approximately A\$4,000,000 (before costs) (**Tranche 1 Placement**). The Tranche 1 Placement Shares were issued pursuant to the Company's Listing Rule 7.1 placement capacity. Resolution 4 seeks Shareholder approval for the ratification of the issue of the Tranche 1 Initial Shares pursuant to the Tranche 1 Placement.

Resolution 5 seeks Shareholder approval for the grant of 80,000,000 Capital Raising Options to the participants in the Tranche 1 Placement.

### 6.3 Tranche 2 Placement

Resolution 6 seeks Shareholder approval for the issue of up to 44,420,000 Shares (**Tranche 2 Placement Shares**) and the grant of up to 22,210,000 Capital Raising Options (**Tranche 2 Placement Options**) to the participants in the Tranche 2 Placement to raise approximately A\$1,110,500 (before costs) (**Tranche 2 Placement**).

Five of the Directors, being Mr. David Flanagan, Mr. Jeff Dowling, Mr. Jeremy Sinclair, Mr. Gilbert George and Ms. Ivy Chen, wish to participate in the Tranche 2 Placement. Resolutions 7 to 11 (inclusive) seek Shareholder approval for their participation in the Tranche 2 Placement as follows:

<b>Director</b>	<b>Tranche 2 Placement Shares</b>	<b>Tranche 2 Placement Options</b>
Mr. David Flanagan	2,000,000	1,000,000
Mr. Jeff Dowling	500,000	250,000
Mr. Jeremy Sinclair	4,000,000	2,000,000
Mr. Gilbert George	1,000,000	500,000
Ms. Ivy Chen	120,000	60,000

Further information on each of these Resolutions is set out below.

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## **7. Resolution 4 – Ratification of Tranche 1 Placement Shares**

### **7.1 General**

On 12 April 2019, the Company announced that it had completed the first tranche of the Placement by issuing the Tranche 1 Placement Shares to raise approximately \$4,000,000 (before costs).

The funds raised from the issue of the Tranche 1 Placement Shares will be used for the purposes set out in Section 6.1.

The Tranche 1 Placement Shares were issued within the Company's 15% annual limit permitted under Listing Rule 7.1.

### **7.2 Listing Rules 7.1 and 7.4**

Listing Rule 7.1 provides that a company must not (subject to specified exceptions), without the approval of shareholders, issue or agree to issue during any 12 month period any equity securities, or other securities with rights to conversion to equity (such as an option), if the number of those securities exceeds 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

Listing Rule 7.4 provides that where a company in general meeting ratifies a previous issue of securities made pursuant to Listing Rule 7.1, provided that the previous issue did not breach Listing Rule 7.1, the issue of those securities will be deemed to have been with shareholder approval for the purpose of Listing Rule 7.1.

Resolution 4 seeks Shareholder approval for the ratification of the issue of the Tranche 1 Placement Shares pursuant to Listing Rule 7.4. The effect of Shareholders passing Resolution 4 will be to restore the Company's ability to issue securities within the 15% placement capacity under Listing Rule 7.1 during the next 12 months, without obtaining prior Shareholder approval.

Resolution 4 is an ordinary resolution.

### **7.3 Information required by Listing Rule 7.5**

For the purposes of Listing Rule 7.5, the following information is provided in relation to the issue of the Tranche 1 Placement Shares.

- (a) The 160,000,000 Tranche 1 Placement Shares were issued at an issue price of \$0.025 each to raise approximately \$4,000,000 in total (before costs).
- (b) The Tranche 1 Placement Shares comprise fully paid ordinary shares of the Company ranking equally with all other fully paid ordinary shares of the Company.
- (c) The Tranche 1 Placement Shares were issued to sophisticated and professional investors none of whom are related parties or associates of related parties of the Company.
- (d) The funds raised from the issue of the Tranche 1 Placement Shares will be used for the purposes set out in Section 6.1.
- (e) A voting exclusion statement is included in the Notice.

### **7.4 Board Recommendation**

The Directors recommend that Shareholders approve Resolution 4.

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## **8. Resolution 5 – Authority to grant Tranche 1 Placement Options**

### **8.1 General**

On 12 April 2019, the Company completed the issue of the Tranche 1 Placement Shares as part of the Tranche 1 Placement.

Resolution 5 seeks Shareholder approval to grant 80,000,000 free attaching Capital Raising Options to the participants in the Tranche 1 Placement (**Tranche 1 Placement Options**) on the basis of one Tranche 1 Placement Option for every two Tranche 1 Placement Shares subscribed for.

None of the subscribers under the Tranche 1 Placement or the recipients of the Tranche 1 Placement Options are related parties or an associate of a related party of the Company.

Resolution 5 is an ordinary resolution.

### **8.2 Listing Rule 7.1**

A summary of Listing Rule 7.1 is set out in Section 7.2.

The effect of Resolution 5 will be to allow the Directors to issue the Tranche 1 Placement Options during the period of 3 months after the Meeting without using the Company's 15% annual placement capacity.

### 8.3 Information required by Listing Rule 7.3

For the purposes of Listing Rule 7.3, information regarding the issue of the Tranche 1 Placement Options is provided as follows:

- (a) The maximum number of Tranche 1 Placement Options that the Company may grant is 80,000,000.
- (b) The Tranche 1 Placement Options will be issued no later than three months after the date of the Meeting.
- (c) The Tranche 1 Placement Options will be issued for nil cash consideration but as free-attaching options to the Tranche 1 Placement Shares on the basis of one Tranche 1 Placement Options for every two Tranche 1 Placement Shares subscribed for.
- (d) The Tranche 1 Placement Options will be issued to recipients of the Tranche 1 Placement Shares, being sophisticated and professional investors, none of whom are related parties or associates of related parties of the Company.
- (e) The Tranche 1 Placement Options will be granted on the terms and conditions set out in Schedule 1 of this Notice.
- (f) No funds will be raised from the issue of the Tranche 1 Placement Options.
- (g) It is expected that the Tranche 1 Placement Options will be granted on one date as soon as reasonably practical following the Meeting.
- (h) A voting exclusion statement is included in the Notice.

### 8.4 Board Recommendation

The Directors recommend that Shareholders approve Resolution 5.

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## 9. Resolution 6 – Authority to issue Tranche 2 Placement Securities

### 9.1 General

Pursuant to the Tranche 2 Placement, and subject to Shareholder approval, the Company intends to issue the Tranche 2 Placement Shares and grant the Tranche 2 Placement Options, to raise approximately \$1,110,500 (before costs) (**Tranche 2 Placement Securities**).

The funds raised from the issue of the Tranche 2 Placement Securities will be used for the purposes set out in Section 6.1.

Resolution 6 is an ordinary resolution.

### 9.2 Listing Rule 7.1

A summary of Listing Rule 7.1 is set out in Section 7.2.

The effect of Resolution 6 will be to allow the Directors to issue the Tranche 2 Placement Securities the period of 3 months after the Meeting without using the Company's 15% annual placement capacity.

### **9.3 Information required by Listing Rule 7.3**

For the purposes of Listing Rule 7.3, information regarding the issue of the Tranche 2 Placement Securities is provided as follows:

- (a) The maximum number of securities that the Company may issue under the Tranche 2 Placement is:
  - (i) 44,420,000 Shares; and
  - (ii) 22,210,000 Capital Raising Options.
- (b) The Tranche 2 Placement Securities will be issued no later than three months after the date of the Meeting.
- (c) The Tranche 2 Placement Shares will be issued at an issue price of \$0.025 per Share to raise approximately \$1,110,500 in total (before costs). The Tranche 2 Placement Options will be granted for nil consideration but as free-attaching options to the Tranche 2 Placement Shares on the basis of one Tranche 2 Placement Option for every two Tranche 2 Placement Shares subscribed for.
- (d) The Tranche 2 Placement Securities will be issued to sophisticated and professional investors, none of whom are related parties or associates of related parties of the Company (other than Directors, Mr. David Flanagan, Mr. Jeff Dowling, Mr. Jeremy Sinclair, Mr. Gilbert George and Ms. Ivy Chen, who are proposing to participate in the Tranche 2 Placement, subject to Shareholder approval, under Resolutions 7 to 11 – see Section 10).
- (e) The Tranche 2 Placement Shares will comprise fully paid ordinary shares of the Company ranking equally with all other fully paid ordinary shares of the Company. The Tranche 2 Placement Options will be granted on the terms and conditions set out in Schedule 1 of this Notice.
- (f) The funds raised from the issue of the Tranche 2 Placement Shares will be used for the purposes set out in Section 6. No funds will be raised from the issue of the Tranche 2 Placement Options.
- (g) It is expected that the Tranche 2 Placement Securities will be issued on one date as soon as reasonably practical after the Meeting.
- (h) A voting exclusion statement is included in the Notice.

### **9.4 Board Recommendation**

The Directors recommend that Shareholders approve Resolution 6.

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## **10. Resolutions 7 to 11 (inclusive) – Authority for Director Participation in the Tranche 2 Placement**

### **10.1 Background**

Directors Mr. David Flanagan, Mr. Jeff Dowling, Mr. Jeremy Sinclair, Mr. Gilbert George and Ms. Ivy Chen and/or their nominees wish to participate in the Tranche 2 Placement.

Resolutions 7 to 11 (inclusive) seek Shareholder approval for the issue of the following securities to Mr. David Flanagan, Mr. Jeff Dowling, Mr. Jeremy Sinclair, Mr. Gilbert George and Ms. Ivy Chen (and/or their nominees):

<b>Director</b>	<b>Tranche 2 Placement Shares</b>	<b>Tranche 2 Placement Options</b>
Mr. David Flanagan	2,000,000	1,000,000
Mr. Jeff Dowling	500,000	250,000
Mr. Jeremy Sinclair	4,000,000	2,000,000
Mr. Gilbert George	1,000,000	500,000
Ms. Ivy Chen	120,000	60,000

(together, the **Director Placement Securities**).

Further details of the Tranche 2 Placement are set out in Section 6.3.

Resolutions 7 to 11 (inclusive) seek Shareholder approval pursuant to Listing Rule 10.11 for the issue of the Director Placement Securities to Mr. David Flanagan, Mr. Jeff Dowling, Mr. Jeremy Sinclair, Mr. Gilbert George and Ms. Ivy Chen (and/or their nominees). If approval is given under Listing Rule 10.11, Shareholder approval is not required under Listing Rule 7.1 (although approval for 100% of the Tranche 2 Placement Securities is being sought under Listing Rule 7.1 under Resolution 6). Shareholder approval of the issue of the Director Placement Securities means that this issue will not reduce the Company's 15% placement capacity under Listing Rule 7.1.

Resolutions 7 to 11 (inclusive) are ordinary resolutions and are subject to Resolution 6 being passed.

## **10.2 Section 208 of the Corporations Act**

In accordance with section 208 of the Corporations Act, to give a financial benefit to a related party, the Company must obtain Shareholder approval unless the giving of the financial benefit falls within an exception in sections 210 to 216 of the Corporations Act.

The Board considers that Shareholder approval under section 208 of the Corporations Act is not required as the exception in section 210 of the Corporations Act applies. The Director Placement Securities will be issued to the Directors on exactly the same terms as the Tranche 2 Placement Securities being issued to non-related party participants in the Tranche 2 Placement and as such the giving of the financial benefit to the Directors will be on arm's length terms.

## **10.3 Listing Rule 10.11**

Listing Rule 10.11 provides that a company must not (subject to specified exceptions) issue or agree to issue equity securities to a related party without the approval of shareholders. Each of Mr. David Flanagan, Mr. Jeff Dowling, Mr. Jeremy Sinclair, Mr. Gilbert George and Ms. Ivy Chen is a related party of the Company by virtue of being a Director. Therefore, approval is required under Listing Rule 10.11 for the issue of the Director Placement Securities to Mr. David Flanagan, Mr. Jeff Dowling, Mr. Jeremy Sinclair, Mr. Gilbert George and Ms. Ivy Chen.

Pursuant to Listing Rule 7.2, exception 14, the effect of passing Resolutions 7 to 11 (inclusive) will be to allow the Company to issue the Director Placement Securities to Mr. David Flanagan, Mr. Jeff Dowling, Mr. Jeremy Sinclair, Mr. Gilbert George and Ms. Ivy Chen (and/or their nominees) without using up the Company's 15% placement capacity under Listing Rule 7.1.

If Shareholders do not approve Resolutions 7 to 11 (inclusive), the Company will not issue the Director Placement Securities.

#### **10.4 Specific information required by Listing Rule 10.13**

For the purposes of Listing Rule 10.13, information regarding the issue of the Director Placement Securities is provided as follows:

- (a) The maximum number and Director Placement Securities to be issued to Mr. David Flanagan, Mr. Jeff Dowling, Mr. Jeremy Sinclair, Mr. Gilbert George and Ms. Ivy Chen (and/or their nominees) is up to 7,620,000 Tranche 2 Placement Shares (**Director Placement Shares**) and 3,810,000 Tranche 2 Placement Options (**Director Placement Options**) on the following basis:
  - (i) Mr David Flanagan – 2,000,000 Director Placement Shares and 1,000,000 Director Placement Options;
  - (ii) Mr Jeff Dowling – 500,000 Director Placement Shares and 250,000 Director Placement Options;
  - (iii) Mr Jeremy Sinclair – 4,000,000 Director Placement Shares and 2,000,000 Director Placement Options;
  - (iv) Mr Gilbert George – 1,000,000 Director Placement Shares and 500,000 Director Placement Options; and
  - (v) Ms Ivy Chen – 120,000 Director Placement Shares and 60,000 Director Placement Options.
- (b) The Company will issue the Director Placement Securities no later than one month after the date of the Meeting, and it is intended that all of the Director Placement Securities will be issued on the same date (being the completion date of the Tranche 2 Placement).
- (c) Each of Mr. David Flanagan, Mr. Jeff Dowling, Mr. Jeremy Sinclair, Mr. Gilbert George and Ms. Ivy Chen are related parties of the Company by virtue of being Directors.
- (d) The Director Placement Shares will be issued at an issue price of \$0.025 per Share (being the same price as the Tranche 2 Placement). The Director Placement Options will be granted for nil consideration.
- (e) The Director Placement Shares will comprise fully paid ordinary shares of the Company ranking equally with all other fully paid ordinary shares of the Company. The Director Placement Options will be granted on the same terms and conditions as the Capital Raising Options, as set out in Schedule 1 of this Notice. On exercise of the Director Placement Options, the resulting fully paid ordinary shares of the Company will rank equally with all other fully paid ordinary shares of the Company.
- (f) The funds raised from the issue of the Director Placement Shares will be aggregated with and used for the same purpose as the funds raised from the Tranche 2 Placement. See Section 6.1 for further details. No funds are being raised from the grant of the Director Placement Options.
- (g) A voting exclusion statement is included in the Notice.

## 10.5 Board Recommendation

The Directors (excluding each of Mr. David Flanagan, Mr. Jeff Dowling, Mr. Jeremy Sinclair, Mr. Gilbert George and Ms. Ivy Chen in respect of the Resolution to approve their own participation in the Tranche 2 Placement) recommend that Shareholders approve Resolutions 7 to 11 (inclusive).

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## 11. Resolution 12 – Approval to issue ZEPO Options to Mr David Flanagan and issue Shares upon exercise of the ZEPO Options, and to give retirement benefits

### 11.1 General

The Company has agreed, subject to obtaining Shareholder approval, to grant up to 8,000,000 unquoted options with a nil exercise price and exercisable on or before the date which is 5 years from the date of grant (**ZEPO Options**), to Mr Flanagan, and to issue up to 8,000,000 Shares on exercise of any of the ZEPO Options.

The value of the ZEPO Options to be issued to Mr Flanagan has been independently estimated at \$0.0102 per ZEPO Option (being an independent valuation of the ZEPO Options at 29 March 2019 which takes into account the un-risked, undiscounted value at 3.1 cents on 29 March 2019, performance condition probability of 60%, a discount for service condition of 10% and a discount for illiquidity or non-transferability of 35%).

Unless the Board otherwise determines, the 8 million ZEPO Options granted to Mr Flanagan will vest on a combination of the following:

- (a) financial close of project finance for Stage 1 of the Montepuez graphite project (50,000tpa of graphite concentrate); and
- (b) completion of the remaining equity funding such that Stage 1 of the Montepuez graphite project development (capex, corporate overheads, working capital, VAT and \$5mil cost over-run) is fully funded.

100% of Mr Flanagan's 8 million ZEPO Options will vest on a Change of Control Event occurring, to the satisfaction of the Board in its absolute discretion.

Refer to Schedule 2 for the full terms and conditions of the ZEPO Options.

The ZEPO Options are designed to vest after project finance for the first of the Company's two graphite projects, being one of the key business objectives of the Company over the next 3 years. Mr Flanagan already holds an additional 20,000,000 ZEPO Options, approved by Shareholders in June 2018 which are designed to vest after various stages of development of the Company's two graphite projects so they come into commercial production, being the other key business objectives of the Company over the next 3 years.

The Board recognises the importance of retaining all key personnel in the business and providing the appropriate incentives in order to deliver the Company's objectives. The Board believes Mr Flanagan's role as Executive Chairman is critical to delivering these objectives.

As Shareholder approval is sought under Listing Rule 10.11, approval under Listing Rule 7.1 is not required, in accordance with exception 14 of Listing Rule 7.2.

Resolution 12 is an ordinary resolution.

## **11.2 Chapter 2E of the Corporations Act**

Section 208 of the Corporations Act requires that for a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The grant of ZEPO Options constitutes giving a financial benefit and Mr. Flanagan is a related party of the Company by virtue of being a Director.

The Board (other than Mr Flanagan) considers that the grant of the ZEPO Options to Mr Flanagan would be an appropriate and reasonable component of his remuneration, and that the financial benefit represented by the grant of the ZEPO Options falls within the "reasonable remuneration" exception in section 211 of the Corporations Act. For this reason, the Company is not seeking Shareholder approval of Resolution 12 for the purposes of Chapter 2E of the Corporations Act.

## **11.3 Section 200B of the Corporations Act**

In accordance with section 200B of the Corporations Act, to give a benefit in connection with a person's retirement from an office, the Company must obtain Shareholder approval in the manner set out in section 200E of the Corporations Act.

Section 200B applies where the benefit is given to a person whose details are included in the Director's Report for the previous financial year. Mr Flanagan's details were included in the 2018 Director's Report of the Company.

The ZEPO Options may, at the discretion of the then Board, vest upon termination of Mr Flanagan's employment. The Board has formed the view should this occur, it may constitute a benefit in connection with Mr Flanagan's retirement from office. Therefore, the Company seeks Shareholder approval for the potential giving of the retirement benefit associated with any vesting of ZEPO Options on termination.

Shareholder approval of Resolution 12 will allow the Board, where appropriate, to exercise its discretion to determine that some or all of the unvested ZEPO Options held by Mr Flanagan are deemed to have vested on his retirement or that (unvested or vested, but not yet exercised) ZEPO Options are not automatically forfeited on retirement.

The value of the benefit that might be given to Mr Flanagan by the exercise of the Board's discretion will depend on a number of factors. Accordingly, the precise value of the benefit cannot be ascertained at the present time. Apart from the future Share price being unknown, the following matters which will or are likely to affect the value of the benefits are also unknown:

- (a) the number of ZEPO Options held by Mr. Flanagan prior to the cessation of his employment;
- (b) reasons for the cessation of employment and Mr. Flanagan's length of service;

- (c) the term of the ZEPO Options remaining;
- (d) the extent to which any vesting conditions or other performance or exercise hurdles have been satisfied; and
- (e) the exercise of the Board's discretion at the relevant time.

Refer to Schedule 2 for the terms and conditions of the ZEPO Options.

#### **11.4 Listing Rule 10.11**

In accordance with Listing Rule 10.11, the Company must not issue securities to a related party of the Company unless it obtains Shareholder approval. Mr Flanagan is a related party of the Company because he is a Director.

If Shareholders approve Resolution 12, Listing Rule 7.2 (exception 14) provides that the issue of the ZEPO Options will not reduce the Company's 15% placement capacity under Listing Rule 7.1 and separate approval under this Resolution 12 is not required for the purposes of Listing Rule 7.1.

Listing Rule 7.2 (exception 4) also provides that the issue of Shares on conversion of the ZEPO Options will not reduce the Company's 15% placement capacity under Listing Rule 7.1.

#### **11.5 Information required by Listing Rule 10.13**

The following information is provided as required by Listing Rule 10.13:

- (a) The ZEPO Options will be granted to Mr. Flanagan. Mr Flanagan is the Executive Chairman of the Company.
- (b) The maximum number of ZEPO Options that may be issued to Mr. Flanagan is 8,000,000 and the maximum number of Shares that may be issued to Mr. Flanagan (on exercise of the ZEPO Options) is 8,000,000 Shares (if all of the ZEPO Options are converted into Shares).
- (c) The Company will issue the ZEPO Options as soon as reasonably practicable after the Meeting, and in any event within one month after the date of the Meeting.
- (d) The issue price for each ZEPO Option to be issued to Mr Flanagan is nil.
- (e) The ZEPO Options will be granted on the terms and conditions set out in Schedule 2 of this Notice.
- (f) A voting exclusion statement is included in the Notice.
- (g) No funds are being raised from the grant of the ZEPO Options.

#### **11.6 Information required by sections 200B and 200E of the Corporations Act**

- (a) The Board has had the value of the ZEPO Options independently estimated and the Independent Valuer has determined, on the basis of the assumptions set out below, the value of one ZEPO Option is \$0.0102. The total value of the ZEPO Options issued to Mr Flanagan based on this independent valuation is \$81,600.
- (b) The ZEPO Options have a zero exercise price, have a performance based vesting condition that is not certain, are not transferable and have a service based vesting

condition. Using an assumed grant date of 29 March 2019, the value of the ZEPO Options to be issued to Mr Flanagan has been independently estimated at \$0.0102 per ZEPO Option (being an independent valuation of the ZEPO Options at 29 March 2019 which takes into account the un-risked, undiscounted value at 3.1 cents on 29 March 2019, performance condition probability of 60%, a discount for service condition of 10% and a discount for illiquidity or non-transferability of 35%). Based on this independent valuation, the total estimated value of the 8,000,000 ZEPO Options is \$81,600.

- (c) For the reasons set out in Section 11.3, the potential value of the ZEPO Options arising upon termination of Mr Flanagan's employment cannot be determined in advance. Section 11.3 outlines factors that may affect the value of the ZEPO Options.
- (d) A voting exclusion statement is included in the Notice for Resolution 12.

## **11.7 Board Recommendation**

The Directors (other than Mr Flanagan) recommend that Shareholders approve Resolution 12.

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## **12. Resolution 13 – Approval to issue ZEPO Options to Mr Jeremy Sinclair and issue Shares upon exercise of the ZEPO Options, and to give retirement benefits**

### **12.1 General**

The Company has agreed, subject to obtaining Shareholder approval, to grant up to 50,000,000 ZEPO Options to Mr Sinclair, and to issue up to 50,000,000 Shares on exercise of any of the ZEPO Options.

Unless the Board otherwise determines, the 50 million ZEPO Options granted to Mr Sinclair will vest as follows:

- (a) 12 million ZEPO Options which vest on a combination of:
  - (i) financial close of project finance for Stage 1 of the Montepuez graphite project (50,000tpa of graphite concentrate); and
  - (ii) completion of the remaining equity funding such that Stage 1 of the Montepuez graphite project development (capex, corporate overheads, working capital, VAT and \$5mil cost over-run) is fully funded.
- (b) 16.5 million of these ZEPO Options vest upon the Company's Montepuez Stage 1 (50,000tpa) achieving a commercial rate of production as agreed by the board.
- (c) 16.5 million of these ZEPO Options vest upon the Company's Montepuez Stage 2 (an additional 50,000tpa) achieving a commercial rate of production as agreed by the board.
- (d) 5 million of these ZEPO Options vest upon the Company's Balama Central Stage 1 or additional Stage 3 at Montepuez (minimum 50,000tpa) achieving a commercial rate of production as agreed by the board.

- (e) 100% of the Mr Sinclair's 50 million ZEPO Options will vest on a Change of Control Event occurring, to the satisfaction of the Board in its absolute discretion,

Refer to Schedule 2 for the full terms and conditions of the ZEPO Options.

The value of the abovementioned four classes of ZEPO Options to be issued to Mr Sinclair have been independently estimated as follows:

- (a) 12 million of these ZEPO Options are valued at \$0.0102 per ZEPO Option (being an independent valuation of the ZEPO Options at 29 March 2019 which takes into account the un-risked, undiscounted value at 3.1 cents on 29 March 2019, performance condition probability of 60%, a discount for service condition of 10% and a discount for illiquidity or non-transferability of 35%);
- (b) 16.5 million of these ZEPO Options are valued at \$0.0102 per ZEPO Option (being an independent valuation of the ZEPO Options at 29 March 2019 which takes into account the un-risked, undiscounted value at 3.1 cents on 29 March 2019, performance condition probability of 60%, a discount for service condition of 10% and a discount for illiquidity or non-transferability of 35%);
- (c) 16.5 million of these ZEPO Options are valued at \$0.0068 per ZEPO Option (being an independent valuation of the ZEPO Options at 29 March 2019 which takes into account the un-risked, undiscounted value at 3.1 cents on 29 March 2019, performance condition probability of 40%, a discount for service condition of 10% and a discount for illiquidity or non-transferability of 35%);
- (d) 5 million of these ZEPO Options are valued at \$0.0051 per ZEPO Option (being an independent valuation of the ZEPO Options at 29 March 2019 which takes into account the un-risked, undiscounted value at 3.1 cents on 29 March 2019, performance condition probability of 30%, a discount for service condition of 10% and a discount for illiquidity or non-transferability of 35%).

The ZEPO Options are designed to vest after various stages of project financing and development of the Company's two graphite projects so they come into commercial production, being the key business objectives of the Company over the next 3 years.

The Board recognises the importance of retaining all key personnel in the business and providing the appropriate incentives in order to deliver the Company's objectives. The Board believes Mr Sinclair's role as Managing Director is critical to delivering these objectives.

As Shareholder approval is sought under Listing Rule 10.11, approval under Listing Rule 7.1 is not required, in accordance with exception 14 of Listing Rule 7.2.

Resolution 13 is an ordinary resolution.

## **12.2 Chapter 2E of the Corporations Act**

Section 208 of the Corporations Act requires that for a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The grant of ZEPO Options constitutes giving a financial benefit and Mr. Sinclair is a related party of the Company by virtue of being a Director.

The Board (other than Mr Sinclair) considers that the grant of the ZEPO Options to Mr Sinclair would be an appropriate and reasonable component of his remuneration, and that the financial benefit represented by the grant of the ZEPO Options falls within the "reasonable remuneration" exception in section 211 of the Corporations Act. For this reason, the Company is not seeking Shareholder approval of Resolution 13 for the purposes of Chapter 2E of the Corporations Act.

### **12.3 Section 200B of the Corporations Act**

In accordance with section 200B of the Corporations Act, to give a benefit in connection with a person's retirement from an office, the Company must obtain Shareholder approval in the manner set out in section 200E of the Corporations Act.

Section 200B applies where the benefit is given to a person whose details are included in the Director's Report for the previous financial year. Mr Sinclair's details were included in the ASX announcement concerning his appointment released by the Company on 14 March 2019.

The ZEPO Options may, at the discretion of the then Board, vest upon termination of Mr Sinclair's employment. The Board has formed the view should this occur, it may constitute a benefit in connection with Mr Sinclair's retirement from office. Therefore, the Company seeks Shareholder approval for the potential giving of the retirement benefit associated with any vesting of ZEPO Options on termination.

Shareholder approval of Resolution 13 will allow the Board, where appropriate, to exercise its discretion to determine that some or all of the unvested ZEPO Options held by Mr Sinclair are deemed to have vested on his retirement or that (unvested or vested, but not yet exercised) ZEPO Options are not automatically forfeited on retirement.

The value of the benefit that might be given to Mr Sinclair by the exercise of the Board's discretion will depend on a number of factors. Accordingly, the precise value of the benefit cannot be ascertained at the present time. Apart from the future Share price being unknown, the following matters which will or are likely to affect the value of the benefits are also unknown:

- (a) the number of ZEPO Options held by Mr. Sinclair prior to the cessation of his employment;
- (b) reasons for the cessation of employment and Mr. Sinclair 's length of service;
- (c) the term of the ZEPO Options remaining;
- (d) the extent to which any vesting conditions or other performance or exercise hurdles have been satisfied; and
- (e) the exercise of the Board's discretion at the relevant time.

Refer to Schedule 2 for the terms and conditions of the ZEPO Options.

## **12.4 Listing Rule 10.11**

In accordance with Listing Rule 10.11, the Company must not issue securities to a related party of the Company unless it obtains Shareholder approval. Mr Sinclair is a related party of the Company because he is a Director.

If Shareholders approve Resolution 13, Listing Rule 7.2 (exception 14) provides that the issue of the ZEPO Options will not reduce the Company's 15% placement capacity under Listing Rule 7.1 and separate approval under this Resolution 13 is not required for the purposes of Listing Rule 7.1.

Listing Rule 7.2 (exception 4) also provides that the issue of Shares on conversion of the ZEPO Options will not reduce the Company's 15% placement capacity under Listing Rule 7.1.

## **12.5 Information required by Listing Rule 10.13**

The following information is provided as required by Listing Rule 10.13:

- (a) The ZEPO Options will be granted to Mr. Sinclair. Mr Sinclair is the Managing Director of the Company.
- (b) The maximum number of ZEPO Options that may be issued to Mr. Sinclair is 50,000,000 and the maximum number of Shares that may be issued to Mr. Sinclair (on exercise of the ZEPO Options) is 50,000,000 Shares (if all of the ZEPO Options are converted into Shares).
- (c) The Company will issue the ZEPO Options as soon as reasonably practicable after the Meeting, and in any event within one month after the Meeting.
- (d) The issue price for each ZEPO Option to be issued to Mr Sinclair is nil.
- (e) The ZEPO Options will be granted on the terms and conditions set out in Schedule 2 of this Notice.
- (f) A voting exclusion statement is included in the Notice.
- (g) No funds are being raised from the grant of the ZEPO Options.

## **12.6 Information required by sections 200B and 200E of the Corporations Act**

- (a) The Board has had the value of the ZEPO Options independently estimated and the Independent Valuer has determined, on the basis of the assumptions set out below, the value of the four classes of ZEPO Options being issued to Mr Sinclair are \$0.0102, \$0.0102, \$0.0068 and \$0.0051 respectively. The total value of the ZEPO Options issued to Mr Sinclair based on this independent valuation is \$428,400.
- (b) The ZEPO Options have a zero exercise price, have a performance based vesting condition that is not certain, are not transferable and have a service based vesting condition. Using an assumed grant date of 29 March 2019, the value of the ZEPO Options to be issued to Mr Sinclair has been independently estimated as follows:
  - 12 million of these ZEPO Options are valued at \$0.0102 per ZEPO Option (being an independent valuation of the ZEPO Options at 29 March 2019 which takes into account the un-risked, undiscounted value at 3.1 cents on 29 March 2019, performance condition probability of 60%, a discount for

service condition of 10% and a discount for illiquidity or non-transferability of 35%) giving a value of \$122,400;

- 16.5 million of these ZEPO Options are valued at \$0.0102 per ZEPO Option (being an independent valuation of the ZEPO Options at 29 March 2019 which takes into account the un-risked, undiscounted value at 3.1 cents on 29 March 2019, performance condition probability of 60%, a discount for service condition of 10% and a discount for illiquidity or non-transferability of 35%) giving a value of \$168,300;
- 16.5 million of these ZEPO Options are valued at \$0.0068 per ZEPO Option (being an independent valuation of the ZEPO Options at 29 March 2019 which takes into account the un-risked, undiscounted value at 3.1 cents on 29 March 2019, performance condition probability of 40%, a discount for service condition of 10% and a discount for illiquidity or non-transferability of 35%) giving a value of \$112,200;
- 5 million of these ZEPO Options are valued at \$0.0051 per ZEPO Option (being an independent valuation of the ZEPO Options at 29 March 2019 which takes into account the un-risked, undiscounted value at 3.1 cents on 29 March 2019, performance condition probability of 30%, a discount for service condition of 10% and a discount for illiquidity or non-transferability of 35%) giving a value of \$25,500.

The total estimated value of the 50,000,000 ZEPO Options to be issued to Mr Sinclair is \$428,400

- (c) For the reasons set out in Section 12.3, the potential value of the ZEPO Options arising upon termination of Mr Sinclair's employment cannot be determined in advance. Section 12.3 outlines factors that may affect the value of the ZEPO Options.
- (d) A voting exclusion statement is included in the Notice for Resolution 13.

## **12.7 Board Recommendation**

The Directors (other than Mr Sinclair) recommend that Shareholders approve Resolution 13.

## **12.8 Board Recommendation**

The Directors (other than Mr Flanagan) recommend that Shareholders approve Resolution 13.

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# **13. Resolutions 14 to 16 (inclusive) – Approval to issue ZEPO Options to Mr Jeff Dowling, Ms Ivy Chen and Mr Paul Glasson, and issue Shares upon exercise of the ZEPO Options, and to give retirement benefits**

## **13.1 General**

As part of the remuneration package for the Company's Non-Executive Directors, the Company has agreed, subject to obtaining Shareholder approval, to grant up to 7,500,000 ZEPO Options to Mr Jeff Dowling, 6,000,000 ZEPO Options to Ms Ivy Chen and 6,000,000 ZEPO Options to Mr Paul Glasson, and for the issue of Shares on the exercise of their respective ZEPO Options.

Conscious of the need to conserve cash and apply funds to growing the value of the Company's exploration and development assets, since 2014 the fees paid to individual Non-Executive Directors have not increased. Where approved by Shareholders, as part of their remuneration, Non-Executive Directors have been incentivised and had their Directors' fees supplemented with the issue of incentive options.

The intention behind the issue of ZEPO Options to Non-Executive Directors is to:

- (a) recognise the increasingly complex demands on Directors as the Company negotiates and finalises project finance, begins construction of its first graphite project, executes significant work programs and commences graphite production;
- (b) keep the cash cost of the Board as low as possible during this development phase while at the same time incentivising the Board; and
- (c) reward Non-Executive Directors for meeting the business objectives of the Company and growing Shareholder wealth.

The ZEPO Options to be granted to Mr Jeff Dowling, Ms Ivy Chen and Mr Paul Glasson are designed to align the three Non-Executive Directors' interests with those of the Company's shareholders. As such the ZEPO Options to be granted to Mr Jeff Dowling, Ms Ivy Chen and Mr Paul Glasson will vest in three tranches after 12, 24 and 36 months of service and are designed to align the Non-Executive Directors' interests with the Company's key business objectives of:

- (a) project finance being completed for the first of the Company's two graphite projects;
- (b) construction and ramp of stage one of the first of the Company's two graphite projects; and
- (c) construction of stage 2 of the first of the Company's two graphite projects,

being three of the key business objectives of the Company over the next 3 years.

The value of the 19.5 million ZEPO Options to be issued to Mr Jeff Dowling, Ms Ivy Chen and Mr Paul Glasson have been independently estimated at \$0.0171 per ZEPO Option by an Independent Valuer (being an independent valuation of the ZEPO Options at 29 March 2019 which takes into account the un-risked, undiscounted value at 3.1 cents on 29 March 2019, a discount for service condition of 10% and a discount for illiquidity or non-transferability of 35%) giving an aggregate value of \$333,450 (made up of \$128,250 for Mr Jeff Dowling and \$102,600 each for Ms Ivy Chen and Mr Paul Glasson).

Unless the Board otherwise determines, ZEPO Options granted to Mr Jeff Dowling, Ms Ivy Chen and Mr Paul Glasson respectively will vest as follows:

- (a) one third on the first anniversary of the grant of the ZEPO Options;
- (b) one third on the second anniversary of the grant of the ZEPO Options; and
- (c) one third on the third anniversary of grant of the ZEPO Options.

100% of the ZEPO Options issued to Mr Jeff Dowling, Ms Ivy Chen and Mr Paul Glasson respectively will vest on a Change of Control Event occurring, to the satisfaction of the Board in its absolute discretion.

Refer to Schedule 2 for the full terms and conditions of the ZEPO Options.

Mr Jeff Dowling, Ms Ivy Chen and Mr Paul Glasson do not hold any ZEPO Options at the date of this Notice.

The Board recognises the importance of retaining all Non-Executive Directors in the business and providing the appropriate incentives in order to deliver the Company's objectives. The Board believes Mr Jeff Dowling, Ms Ivy Chen and Mr Paul Glasson's respective roles as Lead Independent Director and Non-Executive Directors are critical to delivering these objectives.

As Shareholder approval is sought under Listing Rule 10.11, approval under Listing Rule 7.1 is not required, in accordance with exception 14 of Listing Rule 7.2.

Resolutions 14 to 16 (inclusive) are ordinary resolutions.

### **13.2 Chapter 2E of the Corporations Act**

Section 208 of the Corporations Act requires that for a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The grant of ZEPO Options constitutes giving a financial benefit and Mr Jeff Dowling, Ms Ivy Chen and Mr Paul Glasson are related parties of the Company by virtue of being Directors.

The Board (other than Mr Jeff Dowling, Ms Ivy Chen and Mr Paul Glasson) considers that the grant of the ZEPO Options to Mr Jeff Dowling, Ms Ivy Chen and Mr Paul Glasson would be an appropriate and reasonable component of their remuneration, and that the financial benefit represented by the grant of the ZEPO Options falls within the "reasonable remuneration" exception in section 211 of the Corporations Act. For this reason, the Company is not seeking Shareholder approval of Resolutions 14 to 16 (inclusive) for the purposes of Chapter 2E of the Corporations Act.

### **13.3 Section 200B of the Corporations Act**

In accordance with section 200B of the Corporations Act, to give a benefit in connection with a person's retirement from an office, the Company must obtain Shareholder approval in the manner set out in section 200E of the Corporations Act.

Section 200B applies where the benefit is given to a person whose details are included in the Director's Report for the previous financial year. Mr Jeff Dowling, Ms Ivy Chen and Mr Paul Glasson's details were included in the 2018 Director's Report of the Company.

The ZEPO Options may, at the discretion of the then Board, vest upon termination of Mr Jeff Dowling, Ms Ivy Chen and Mr Paul Glasson's appointment as Directors. The Board has formed the view should this occur, it may constitute a benefit in connection with Mr Jeff Dowling, Ms Ivy Chen and Mr Paul Glasson's retirement from office. Therefore, the Company seeks Shareholder approval for the potential giving of the retirement benefit associated with any vesting of ZEPO Options on termination.

Shareholder approval of Resolutions 14 to 16 (inclusive) will allow the Board, where appropriate, to exercise its discretion to determine that some or all of the unvested ZEPO Options held by Mr Jeff Dowling, Ms Ivy Chen and Mr Paul Glasson are deemed to have vested on their retirement or that (unvested or vested, but not yet exercised) ZEPO Options are not automatically forfeited on their retirement.

The value of the benefit that might be given to Mr Jeff Dowling, Ms Ivy Chen and Mr Paul Glasson by the exercise of the Board's discretion will depend on a number of factors. Accordingly, the precise value of the benefit cannot be ascertained at the present time. Apart from the future Share price being unknown, the following matters which will or are likely to affect the value of the benefits are also unknown:

- (a) the number of ZEPO Options held by Mr Jeff Dowling, Ms Ivy Chen and Mr Paul Glasson prior to the cessation of their directorship;
- (b) reasons for the retirement as a Director and Mr Jeff Dowling, Ms Ivy Chen and Mr Paul Glasson's respective lengths of service;
- (c) the term of the ZEPO Options remaining;
- (d) the extent to which any vesting conditions or other performance or exercise hurdles have been satisfied; and
- (e) the exercise of the Board's discretion at the relevant time.

Refer to Schedule 2 for the terms and conditions of the ZEPO Options.

#### **13.4 Listing Rule 10.11**

In accordance with Listing Rule 10.11, the Company must not issue securities to a related party of the Company unless it obtains Shareholder approval. Mr Jeff Dowling, Ms Ivy Chen and Mr Paul Glasson are related parties of the Company because they are Directors.

If Shareholders approve Resolutions 14 to 16 (inclusive), Listing Rule 7.2 (exception 14) provides that the issue of the ZEPO Options will not reduce the Company's 15% placement capacity under Listing Rule 7.1 and separate approval under Resolutions 14 to 16 (inclusive) is not required for the purposes of Listing Rule 7.1.

Listing Rule 7.2 (exception 4) also provides that the issue of Shares on conversion of the ZEPO Options will not reduce the Company's 15% placement capacity under Listing Rule 7.1.

#### **13.5 Information required by Listing Rule 10.13**

The following information is provided as required by Listing Rule 10.13:

- (a) The ZEPO Options will be granted to Mr Jeff Dowling, Ms Ivy Chen and Mr Paul Glasson. Mr Jeff Dowling, Ms Ivy Chen and Mr Paul Glasson are Independent Non-Executive Directors of the Company.
- (b) The maximum number of ZEPO Options that may be issued to Mr Jeff Dowling, Ms Ivy Chen and Mr Paul Glasson are 7,500,000, 6,000,000 and 6,000,000 respectively and the maximum number of Shares that may be issued to Mr Jeff Dowling, Ms Ivy Chen and Mr Paul Glasson (on exercise of the ZEPO Options) is 19,500,000 Shares in aggregate (if all of the ZEPO Options are converted into Shares).

- (c) The Company will issue the ZEPO Options as soon as reasonably practicable after the Meeting, and in any event within one month after the date of the Meeting.
- (d) The issue price for each ZEPO Option to be issued to Mr Jeff Dowling, Ms Ivy Chen and Mr Paul Glasson is nil.
- (e) The ZEPO Options will be granted on the terms and conditions set out in Schedule 2 of this Notice.
- (f) A voting exclusion statement is included in the Notice.
- (g) No funds are being raised from the grant of the ZEPO Options.

### **13.6 Information required by sections 200B and 200E of the Corporations Act**

- (a) The Board has had the value of the ZEPO Options to be issued to Mr Jeff Dowling, Ms Ivy Chen and Mr Paul Glasson independently estimated and the Independent Valuer has determined, on the basis of the assumptions set out below, the value of the ZEPO Options being issued to Mr Jeff Dowling, Ms Ivy Chen and Mr Paul Glasson are \$0.0171. The aggregate value of the ZEPO Options issued to Mr Jeff Dowling, Ms Ivy Chen and Mr Paul Glasson based on this independent valuation is \$333,450.
- (b) The ZEPO Options have a zero exercise price, have a service based vesting condition that is not certain and are not transferable. The value of the abovementioned 19.5 million ZEPO Options to be issued to Mr Jeff Dowling, Ms Ivy Chen and Mr Paul Glasson have been independently estimated at \$0.0171 per ZEPO Option (being an independent valuation of the ZEPO Options at 29 March 2019 which takes into account the un-risked, undiscounted value at 3.1 cents on 29 March 2019, a discount for service condition of 10% and a discount for illiquidity or non-transferability of 35%) giving an aggregate value of \$333,450 (made up of \$128,250 for Mr Jeff Dowling and \$102,600 each for Ms Ivy Chen and Mr Paul Glasson).
- (c) For the reasons set out in Section 13.3, the potential value of the ZEPO Options arising upon termination of Mr Jeff Dowling, Ms Ivy Chen and Mr Paul Glasson's employment cannot be determined in advance. Section 13.3 outlines factors that may affect the value of the ZEPO Options.
- (d) A voting exclusion statement is included in the Notice for Resolutions 14 to 16 (inclusive).

### **13.7 Board Recommendation**

The Directors (other than Mr Jeff Dowling, Ms Ivy Chen and Mr Paul Glasson) recommend that Shareholders approve Resolutions 14 to 16 (inclusive).

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## **14. Resolution 17 – Authority to issue ZEPO Options to Employees, and issue Shares upon exercise of the ZEPO Options.**

### **14.1 General**

As part of the remuneration strategy for the Company's employees, pursuant to the equity incentives approved by the Board for Employees, who are not Directors of the Company, and subject to Shareholder approval, the Company intends to issue up to 81.6 million ZEPO Options to Employees.

The ZEPO Options to be granted to Employees are part of the remuneration package for these Employees and are designed to align the Employees' interests with those of the Company's shareholders. As such the ZEPO Options to be granted to Employees are designed to only vest in three tranches after

- (a) project finance is completed for the first of the Company's two graphite projects;
- (b) construction and ramp of stage one of the first of the Company's two graphite projects; and
- (c) construction of stage 2 of the first of the Company's two graphite projects,

being three of the key business objectives of the Company over the next 3 years.

The 81.6 million ZEPO Options granted to Employees will vest as follows:

- (a) 28.3 million ZEPO Options which vest on a combination of:
  - (i) financial close of project finance for Stage 1 of the Montepuez graphite project (50,000tpa of graphite concentrate); and
  - (ii) completion of the remaining equity funding such that Stage 1 of the Montepuez graphite project development (capex, corporate overheads, working capital, VAT and \$5mil cost over-run) is fully funded.
- (b) 26.65 million of these ZEPO Options vest upon the Company's Montepuez Stage 1 (50,000tpa) achieving a commercial rate of production as agreed by the board.
- (c) 26.65 million of these ZEPO Options vest upon the Company's Montepuez Stage 2 (an additional 50,000tpa) achieving a commercial rate of production as agreed by the board.

100% of the ZEPO Options granted to Employees will vest on a Change of Control Event occurring, to the satisfaction of the Board in its absolute discretion.

Approval to grant the ZEPO Options to Employees will preserve the Board's capacity to allocate incentive options to future employees under the Employee Share Option Plan approved by Shareholders in June 2018. The approval of this resolution also provides capacity to incentivise future employees to join the Company to further de-risk the project execution strategy of the Company.

No funds will be raised from the issue of these ZEPO Options to Employees.

Resolution 17 is an ordinary resolution.

## **14.2 Listing Rule 7.1**

A summary of Listing Rule 7.1 is set out in Section 7.2.

The effect of Resolution 17 will be to allow the Directors to issue ZEPO Options to Employees, who are not Directors of the Company in the period of 3 months after the Meeting without using the Company's 15% annual placement capacity.

### **14.3 Information required by Listing Rule 7.3**

For the purposes of Listing Rule 7.3, information regarding the issue of the ZEPO Options to Employees is provided as follows:

- (a) The maximum number of securities that the Company may issue under ZEPO Options offer to Employees, who are not Directors of the Company is 81.6 million ZEPO Options.
- (b) The Employee ZEPO Options will be issued no later than three months after the date of the Meeting.
- (c) The Employee ZEPO Options will be issued for nil consideration and will not raise any funds.
- (d) The Employee ZEPO Options will be issued to offer to Employees, who are not Directors of the Company, none of whom are related parties or associates of related parties of the Company.
- (e) The Employee ZEPO Options will comprise of zero exercise priced options which on vesting and then exercise will convert into fully paid ordinary shares of the Company ranking equally with all other fully paid ordinary shares of the Company. The Employee ZEPO Options will be granted on the terms and conditions set out in Schedule 2 of this Notice.
- (f) No funds will be raised from the issue of the Employee ZEPO Options.
- (g) It is expected that the Employee ZEPO Options will be issued on one date as soon as reasonably practical after the Meeting.
- (h) A voting exclusion statement is included in the Notice for Resolution 17.

### **14.4 Board Recommendation**

The Directors recommend that Shareholders approve Resolution 17.

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## **15. Resolutions 18 to 22 (inclusive) – Approval of potential termination benefits in connection with the ZEPO Options to be issued to Mr. David Flanagan, Mr. Jeremy Sinclair, Mr. Jeff Dowling, Ms. Ivy Chen and Mr. Paul Glasson in accordance with Resolutions 12 to 16 (inclusive)**

### **15.1 General**

Listing Rule 10.19 provides that, without the approval of ordinary Shareholders, an entity must ensure that no officer of the entity or any of its child entities will be, or may be, entitled to termination benefits if the value of those benefits and the termination benefits that are or may become payable to all officers together exceed 5% of the equity interests of the entity as set out in the latest accounts given to ASX under the Listing Rules.

The ZEPO Options may, at the discretion of the then Board, vest upon termination of the holder's employment. The Board has formed the view should this occur, it may constitute a termination benefit for the purposes of Listing Rule 10.19. Shareholder approval of Resolution

18 to 22 (inclusive) will ensure that the board can exercise its discretion, where appropriate, to determine that some or all of the unvested ZEPO Options to be issued to Mr. David Flanagan, Mr. Jeremy Sinclair, Mr. Jeff Dowling, Ms. Ivy Chen or Mr. Paul Glasson (as the case requires) are deemed to have vested on their retirement or that (unvested or vested, but not yet exercised) ZEPO Options are not automatically forfeited on their retirement.

Due to the proposed grant of the additional options in accordance with Resolutions 12 to 16 (inclusive), the total value of the provision of the benefits associated with the vesting of the ZEPO Options may exceed 5% of the equity interests of the Company at the relevant time. Accordingly, the Company considers appropriate to seek Shareholder approval for the purposes of Listing Rule 10.19 in relation to the ZEPO Options to be issued to Mr. David Flanagan, Mr. Jeremy Sinclair, Mr. Jeff Dowling, Ms. Ivy Chen and Mr. Paul Glasson subject to Shareholders approving Resolutions 12 to 16 (inclusive).

The present value of the ZEPO Options is detailed in Section 11.6 (in relation to the ZEPO Options to be issued to Mr. David Flanagan), Section 12.6 (in relation to the ZEPO Options to be issued to Mr. Jeremy Sinclair) and Section 13.6 (in relation to the ZEPO Options to be issued to Mr. Jeff Dowling, Ms. Ivy Chen and Mr. Paul Glasson).

The value of any termination benefit payable on the retirement of the relevant holder of ZEPO Options will depend on a number of factors, including the following:

- (a) the number of ZEPO Options held by the holder prior to their retirement;
- (b) reasons for the retirement of the holder, and their length of service;
- (c) the term of the relevant ZEPO Options remaining;
- (d) the extent to which any vesting conditions or other performance or exercise hurdles have been satisfied; and
- (e) the exercise of the Board's discretion at the relevant time.

Resolutions 18 to 22 (inclusive) are ordinary resolutions.

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## **16. Resolution 23 – Approval of potential termination benefits in connection with existing ZEPO Options previously issued to Mr David Flanagan**

### **16.1 General**

At the General Meeting held on 27 June 2018, the Company obtained Shareholder approval for the issue of 20,000,000 ZEPO Options to Mr Flanagan. Shareholders should refer to the Notice of Meeting dated 24 May 2018 for further details. In accordance with the Shareholder approval, the Company subsequently announced the issue the ZEPO Options to Mr Flanagan on 17 July 2018.

Refer to Section 15.1 for a summary of Listing Rule 10.19.

Shareholder approval of Resolution 23 will ensure that the board can exercise its discretion, where appropriate, to determine that some or all of the unvested ZEPO Options previously issued to Mr Flanagan are deemed to have vested on his retirement or that (unvested or vested, but not yet exercised) ZEPO Options are not automatically forfeited on his retirement.

Due to the proposed grant of the additional options contemplated by Resolutions 18 to 22 (inclusive), the total value of the provision of the benefits associated with the vesting of the ZEPO Options may exceed 5% of the equity interests of the Company at the relevant time. Accordingly, the Company considers appropriate to seek Shareholder approval for the purposes of Listing Rule 10.19 in relation to the ZEPO Options previously granted to Mr Flanagan.

The Notice of General Meeting under which the Company obtained Shareholder approval for the issue of the 20,000,000 existing ZEPO Options to Mr Flanagan provided that the market value of the existing ZEPO Options was at that time equal to closing price of Shares (being \$0.063 per ZEPO Option), and the total value of the existing ZEPO Options was \$1,260,000 (using an assumed grant date of 14 May 2018).

The value of any termination benefit payable on the retirement Mr Flanagan will depend on a number of factors, including those detailed in Section 15.1.

Resolution 23 is an ordinary resolution.

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## 17. Definitions

**\$ or A\$** means Australian dollars, being the lawful currency of Australia.

**Annual Report** means the Directors' Report, the Financial Report and Auditor's Report in respect to the financial year ended 31 December 2018.

**ASIC** means Australian Securities and Investments Commission.

**ASX** means ASX Limited (ACN 008 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX.

**Auditor's Report** means the auditor's report on the Financial Report.

**Board** means the board of Directors.

**Capital Raising** has the meaning given to that term in Section 6.1.

**Capital Raising Option** has the meaning given to that term in Section 6.1 and on terms and conditions set out in Schedule 1. For clarity, the Capital Raising Options include the Tranche 1 Placement Options, Tranche 2 Placement Options and Director Capital Raising Options.

**Chairman** means the person appointed to chair the Meeting.

**Change of Control Event** has the meaning given to that term in Schedule 2.

**Closely Related Party** has the meaning in section 9 of the Corporations Act.

**Company or Battery Minerals** means Battery Minerals Limited ACN 152 071 095.

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

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

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

**Director Placement Options** has the meaning given to that term in Section 10.

**Director Placement Securities** has the meaning given to that term in Section 10.

**Director Placement Shares** has the meaning given to that term in Section 10.

**Directors' Report** means the annual directors report prepared under Chapter 2M of the Corporations Act for the Company and its controlled entities.

**Employee** means a person who is a full-time or part-time employee or officer or executive director (excluding a non-executive director) or company secretary of the Company or a related body corporate, or such other person as the Board determines.

**Explanatory Memorandum** means the explanatory memorandum attached to the Notice.

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

**Independent Valuer** means the independent professional firm holding a valid AFS Licence from ASIC who independently valued the ZEPO Options assuming an issued date of 29 March 2019.

**Key Management Personnel** means a person having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

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

**Meeting** has the meaning in the introductory paragraph of the Notice.

**Notice** means this notice of Meeting.

**Option** means an option to acquire a Share.

**Placement** has the meaning given to that term in Section 6.1.

**Proxy Form** means the proxy form attached to the Notice.

**Remuneration Report** means the remuneration report of the Company contained in the Directors' Report.

**Resolution** means a resolution contained in this Notice.

**Schedule** means a schedule to this Notice.

**Section** means a section contained in this Explanatory Memorandum.

**Security** means a Share or an Option.

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

**Shareholder** means a shareholder of the Company.

**Tranche 1 Placement** has the meaning given to that term in Section 6.2.

**Tranche 1 Placement Option** has the meaning given to that term in Section 8.1 and on terms and conditions set out in Schedule 1.

**Tranche 1 Placement Share** has the meaning given to that term in Section 6.2.

**Tranche 2 Placement** has the meaning given to that term in Section 6.3.

**Tranche 2 Placement Option** has the meaning given to that term in Section 6.3 and on terms and conditions set out in Schedule 1.

**Tranche 2 Placement Securities** has the meaning given to that term in Section 6.3.

**Tranche 2 Placement Share** has the meaning given to that term in Section 6.3.

**VWAP** means volume weighted average price.

**WST** means Western Standard Time, being the time in Perth, Western Australia.

**ZEPO Option** has the meaning given to that term in Sections 12.1 and on the terms and conditions set out in Schedule 2.

**In this Notice**, words importing the singular include the plural and vice versa.

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## SCHEDULE 1: Terms and Conditions of Capital Raising Options

(a) **Entitlement**

The listed Capital Raising Options (**Options**) entitle the holder to subscribe for one Share upon the exercise of each Option.

(b) **Exercise Price, Vesting Date and Expiry Date**

The **Vesting Date, Exercise Price** and **Expiry Date** of each Option will be as follows:

<b>Vesting Date</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
Immediately	\$0.10	31 July 2023

(c) **Exercise period**

An Option may be exercised at any time prior to the applicable Expiry Date, in the table in item (b) above.

(d) **Notice of exercise**

The Options may be exercised by notice in writing to the Company (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised. Any Notice of Exercise of an Option received by the Company will be deemed to be a notice of the exercise of that Option as at the date of receipt. A minimum of 5,000 Options must be exercised at any one time.

(e) **Shares issued on exercise**

Shares issued on exercise of the Options will rank equally with the then issued Shares of the Company.

(f) **Options quoted**

The Company will apply to ASX for quotation of the Options. Subject to the quotation requirements being met, the Options will be quoted.

(g) **Quotation of Shares on exercise**

Application will be made by the Company to ASX for official quotation of the Shares issued upon the exercise of the Options.

(h) **Timing of issue of Shares**

After an Option is validly exercised, the Company must as soon as possible:

- (i) issue the Shares pursuant to the exercise of the Options; and
- (ii) apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

(i) **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and the holder will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options.

However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least ten business days after the issue is announced. This will give the holders of Options the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.

(j) **Adjustment for bonus issues of Shares**

If the Company makes a bonus issue of Shares or other Securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):

- (i) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the option holder would have received if the Option holder had exercised the Option before the record date for the bonus issue; and
- (ii) no change will be made to the Exercise Price.

(k) **Adjustment for rights issue**

If the Company makes an issue of Shares pro rata to existing Shareholders, there will be no adjustment of the Exercise Price of an Option.

(l) **Adjustments for reorganisation**

If there is any reconstruction of the issued share capital of the Company, the rights of the Option holder will be varied to comply with the Listing Rules which apply to the reconstruction at the time of the reconstruction.

(m) **Options transferable**

The Options are transferable, subject to the restrictions contained in the Corporations Act.

(n) **Lodgement instructions**

Cheques shall be in Australian currency made payable to the Company and crossed "Not Negotiable". The application for Shares on exercise of the Options with the appropriate remittance should be lodged at the Company's share registry.

## SCHEDULE 2: Terms and Conditions of ZEPO Options

(a) **Entitlement**

The ZEPO Options (**ZEPO Options**) entitle the holder to subscribe for one Share upon the exercise of each ZEPO Option.

(b) **Exercise price**

The exercise price of each ZEPO Option will be nil (**Exercise Price**).

(c) **Vesting Date**

ZEPO Options granted to Mr Flanagan

The 8 million ZEPO Options granted to Mr Flanagan will vest on a combination of the following:

- (i) financial close of project finance for Stage 1 of the Montepuez graphite project (50,000tpa of graphite concentrate); and
- (ii) completion of the remaining equity funding such that Stage 1 of the Montepuez graphite project development (capex, corporate overheads, working capital, VAT and \$5mil cost over-run) is fully funded.

100% of Mr Flanagan's 8 million ZEPO Options will vest on a Change of Control Event occurring, to the satisfaction of the Board in its absolute discretion.

ZEPO Options granted to Mr Sinclair

The 50 million ZEPO Options granted to Mr Sinclair will vest as follows:

- (i) 12 million ZEPO Options which vest on a combination of:
  - (A) financial close of project finance for Stage 1 of the Montepuez graphite project (50,000tpa of graphite concentrate); and
  - (B) completion of the remaining equity funding such that Stage 1 of the Montepuez graphite project development (capex, corporate overheads, working capital, VAT and \$5mil cost over-run) is fully funded.
- (ii) 16.5 million of these ZEPO Options vest upon the Company's Montepuez Stage 1 (50,000tpa) achieving a commercial rate of production as agreed by the board.
- (iii) 16.5 million of these ZEPO Options vest upon the Company's Montepuez Stage 2 (an additional 50,000tpa) achieving a commercial rate of production as agreed by the board.
- (iv) 5 million of these ZEPO Options vest upon the Company's Balama Central Stage 1 or additional Stage 3 at Montepuez (minimum 50,000tpa) achieving a commercial rate of production as agreed by the board.
- (v) 100% of Mr Sinclair's 50 million ZEPO Options will vest on a Change of Control Event occurring, to the satisfaction of the Board in its absolute discretion.

### ZEPO Options granted to Mr Jeff Dowling, Ms Ivy Chen and Mr Paul Glasson

The 7,500,000 ZEPO Options granted to Mr Jeff Dowling, 6,000,000 ZEPO Options granted to Ms Ivy Chen and 6,000,000 ZEPO Options granted to Mr Paul Glasson will vest as follows:

- (i) one third on the first anniversary of the issue of the ZEPO Options;
- (ii) one third on the second anniversary of the issue of the ZEPO Options; and
- (iii) one third on the third anniversary of issue of the ZEPO Options.

100% of the ZEPO Options granted to Mr Jeff Dowling, Ms Ivy Chen and Mr Paul Glasson respectively will vest on a Change of Control Event occurring, to the satisfaction of the Board in its absolute discretion.

### ZEPO Options granted to Employees

The 81.6 million ZEPO Options granted to Employees will vest as follows:

- (i) 28.3 million ZEPO Options which vest on a combination of:
  - (A) financial close of project finance for Stage 1 of the Montepuez graphite project (50,000tpa of graphite concentrate); and
  - (B) completion of the remaining equity funding such that Stage 1 of the Montepuez graphite project development (capex, corporate overheads, working capital, VAT and \$5mil cost over-run) is fully funded.
- (ii) 26.65 million of these ZEPO Options vest upon the Company's Montepuez Stage 1 (50,000tpa) achieving a commercial rate of production as agreed by the board.
- (iii) 26.65 million of these ZEPO Options vest upon the Company's Montepuez Stage 2 (an additional 50,000tpa) achieving a commercial rate of production as agreed by the board.

100% of the ZEPO Options granted to Employees will vest on a Change of Control Event occurring, to the satisfaction of the Board in its absolute discretion.

### General vesting conditions

If a vesting condition is satisfied and/or otherwise waived by the Board, a vesting notice will be sent to the holder of the ZEPO Options informing the holder that the relevant ZEPO Options have vested (**Vesting Notice**). Unless and until the Vesting Notice is issued by the Company, the ZEPO Options will not be considered to have vested.

Unless otherwise approved by the Directors, unvested ZEPO Options lapse immediately on termination as a Directors and officer of the Company.

If the ZEPO Optionholder ceases employment with the Company while the ZEPO Optionholder holds vested ZEPO Options, the ZEPO Options will be forfeited by the ZEPO Optionholder and lapse if the ZEPO Optionholder does not exercise the ZEPO Options within 3 months of the date the ZEPO Optionholder ceases employment.

**"Change of Control Event"** means:

- (i) the occurrence of:

- (A) the offeror under a takeover offer in respect of all Shares announcing that it has achieved acceptances in respect of 50.1% or more of the Shares; and
- (B) that takeover bid has become unconditional (except any condition in relation to the cancellation or exercise of the Options); or
- (ii) the announcement by the Company that:
  - (A) Shareholders have at a Court convened meeting of shareholders voted in favour, by the necessary majority, of a proposed scheme of arrangement under which all Shares are to be either:
    - (1) cancelled; or
    - (2) transferred to a third party; and
  - (B) the Court, by order, approves the proposed scheme of arrangement; or
- (iii) the occurrence of the sale of all or a majority of the Company's main undertaking; or
- (iv) at the absolute discretion of the Board, the occurrence of a sale of at least 50% of the Company's main undertaking.

(d) **Expiry date**

The expiry date of each ZEPO Option is the date that is five years from date of grant. For the avoidance of doubt, if the vesting condition relevant to a ZEPO Option is not satisfied and/or otherwise waived by the Board before the expiry date, that ZEPO Option will lapse.

(e) **Exercise period**

A ZEPO Option may only be exercised after the ZEPO Option has vested and at any time prior to their Expiry Date.

(f) **Notice of exercise**

A ZEPO Option may be exercised by notice in writing to the Company (**Notice of Exercise**). Any Notice of Exercise of a ZEPO Option received by the Company will be deemed to be a notice of the exercise of that ZEPO Option as at the date of receipt.

(g) **Shares issued on exercise**

Shares issued on exercise of the ZEPO Options will rank equally with the then issued Shares of the Company.

(h) **ZEPO Options not quoted**

The Company will not apply to ASX for quotation of the ZEPO Options.

(i) **Quotation of Shares on exercise**

Application will be made by the Company to ASX for official quotation of the Shares issued upon the exercise of the ZEPO Options.

(j) **Timing of issue of Shares**

- (i) After a ZEPO Option is validly exercised, the Company must as soon as possible:

- (A) issue the Share; and
  - (B) do all such acts, matters and things to obtain the grant of quotation for the Share on ASX no later than 5 days from the date of exercise of the ZEPO Option.
- (ii) On the date that the Shares are issued under paragraph (i) above, the Company must issue a cleansing notice under section 708A(5) of the Corporations Act.
- (iii) If the Company is not then permitted to issue a cleansing notice under section 708A(5) of the Corporations Act, the Company must either:
- (A) issue a prospectus on the date that the Shares are issued under paragraph (i) above (in which case the date for issuing those Shares may be extended to not more than 25 Business Days after the receipt of the Exercise Notice, to allow the Company time to prepare that prospectus); or
  - (B) issue a prospectus before the date that the Shares are issued under paragraph (i) above, provided that offers under that prospectus must still be open for acceptance on the date those Shares are issued,
- in accordance with the requirements of section 708A(11) of the Corporations Act.

**(k) Participation in new issues**

There are no participation rights or entitlements inherent in the ZEPO Options and the holder will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the ZEPO Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least ten business days after the issue is announced. This will give the holder of ZEPO Options the opportunity to exercise their vested ZEPO Options prior to the date for determining entitlements to participate in any such issue.

**(l) Adjustment for bonus issues of Shares**

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):

- (i) the number of Shares which must be issued on the exercise of a ZEPO Option will be increased by the number of Shares which the option holder would have received if the ZEPO Option holder had exercised the ZEPO Option before the record date for the bonus issue; and
- (ii) no change will be made to the Exercise Price.

**(m) Adjustment for rights issue**

If the Company makes an issue of Shares pro rata to existing Shareholders there will be no adjustment of the Exercise Price of a ZEPO Option.

**(n) Adjustments for reorganisation**

If there is any reconstruction of the issued share capital of the Company, the rights of the ZEPO Option holder may be varied to comply with the Listing Rules which apply to the reconstruction at the time of the reconstruction.

(o) **ZEPO Options not transferable**

The ZEPO Options are not transferable.

(p) **Lodgement instructions**

The application for Shares on exercise of the ZEPO Options should be lodged at the Company's share registry.

If you are attending the meeting in person, please bring this with you for Securityholder registration.

[EntityRegistrationDetailsLine1Envelope]  
[EntityRegistrationDetailsLine2Envelope]  
[EntityRegistrationDetailsLine3Envelope]  
[EntityRegistrationDetailsLine4Envelope]  
[EntityRegistrationDetailsLine5Envelope]  
[EntityRegistrationDetailsLine6Envelope]

## [HolderNumber]

Holder Number:  
[HolderNumber]

## Vote by Proxy: BAT

Your proxy voting instruction must be received by **8.30am (WST) on Sunday 19<sup>th</sup> May 2019** being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

### SUBMIT YOUR PROXY VOTE ONLINE

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

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

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



### SUBMIT YOUR PROXY VOTE BY PAPER

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

#### YOUR NAME AND ADDRESS

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

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

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

#### DEFAULT TO THE CHAIRMAN OF THE MEETING

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

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

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

#### APPOINTMENT OF SECOND PROXY

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

#### SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided

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

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

**Power of attorney:** If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Voting Form when you return it.

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

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

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

#### CORPORATE REPRESENTATIVES

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

#### ATTENDING THE MEETING

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

#### POWER OF ATTORNEY

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



