



# Prodigy Gold NL

ACN 009 127 020

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## Notice of Annual General Meeting

### Explanatory Notes

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#### **Date of meeting**

2 November 2020

#### **Time of meeting**

1:30pm (WST)

#### **Place**

BDO Audit (WA) Pty Ltd  
38 Station Street  
Subiaco, Western Australia

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.

## Notice of Annual General Meeting

Notice is given that Prodigy Gold NL ACN 009 127 020 (**Company**) will hold an annual general meeting at 1:30 pm (WST) on 2 November 2020 at BDO Audit (WA) Pty Ltd, 38 Station Street, Subiaco, Western Australia (**Annual General Meeting**).

### Your vote is important

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

### Voting eligibility

The directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Annual General Meeting are those who are registered shareholders at 4.00 pm (WST) on 31 October 2020. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Annual General Meeting.

### Voting in person

To vote and/or speak at the meeting in person, attend the Annual General Meeting at the time, date and place set out above.

### Voting by proxy

To vote by proxy, please complete and sign the enclosed proxy form and return by the time specified and in accordance with the instructions set out on the proxy form.

In accordance with section 249L of the *Corporations Act 2001* (Cth) (**Corporations Act**), members are advised that:

- each member has a right to appoint a proxy;
- the proxy need not be a member of the Company; and
- a member who is 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.

If a member appoints two proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the *Corporations Act*, each proxy may exercise one-half of the votes.

The proxy form (and any power of attorney under which it is signed) must be received at the address set out below not later than 1.30 pm (WST) on 31 October 2020 (being not less than 48 hours before the commencement of the Annual General Meeting). Any proxy forms received after that time will not be valid for the Annual General Meeting.

Online:	<a href="https://investor.automic.com.au/#/loginsah">https://investor.automic.com.au/#/loginsah</a>
By mail:	Automic, GPO Box 5193, Sydney NSW 2001
In person	Automic, Level 5, 126 Phillip Street, Sydney NSW 2000
By fax:	+61 2 8583 3040
By email:	<a href="mailto:meetings@automicgroup.com.au">meetings@automicgroup.com.au</a>

### Voting by corporate representative

A shareholder that is a body corporate may appoint a representative to attend in accordance with the *Corporations Act*. A form of the certificate of appointment may be obtained from the Company's share registry, Automic Group, the contact details of which are set out in the proxy form.

## AGENDA

### GENERAL BUSINESS

#### Financial Statements and Reports

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2020 together with the directors' report and the auditor's report.

### ORDINARY BUSINESS

#### Resolution 1 – Adoption of Remuneration Report

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as a **non-binding ordinary resolution**:

*“That, for the purpose of Section 250R(2) of the Corporations Act and for all other purposes, the remuneration report as contained in the Company's annual financial report for the financial year ended 30 June 2020 be adopted.”*

Note: section 250R(3) of the Corporations Act provides that the vote on this Resolution is advisory only and does not bind the directors or the Company.

#### Voting Restrictions

A vote on this Resolution must not be cast (in any capacity) on the Resolution by or on behalf of any of the following persons:

- a member of the key management personnel (**KMP**), details of whose remuneration are included in the remuneration report; or
- a closely related party of such a member.

However, a person (the **voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the Resolution; or
- the voter is the Chairman and the appointment of the Chairman as proxy:
  - does not specify the way the proxy is to vote on this Resolution; and
  - expressly authorises the Chairman to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the KMP.

#### Resolution 2 – Re-election of Director – Mr Tommy McKeith

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

*“That, for the purpose of clause 13.1(d) of the Company's constitution, Listing Rule 14.4 and for all other purposes, Mr Tommy McKeith is re-elected as a Director.”*

**SPECIAL BUSINESS**
**Resolution 3 – Approval of grant of options to Mr Tommy McKeith**

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

*“That, subject to Resolution 2 either not being put to the meeting or being put to the meeting and not passing, for the purpose of Listing Rule 10.14 and for all other purposes, approval is given for the grant of 7,000,000 options to Mr Tommy McKeith (and/or his nominees) on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusions and Voting Restriction:**

The Company will disregard any votes cast in favour of this resolution by or on behalf of Mr McKeith, Mr Briggs, Mr Smith or Mr Stirzaker, or an associate of Mr McKeith, Mr Briggs, Mr Smith or Mr Stirzaker. However, this does not apply to a vote cast in favour of a resolution by:

- a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
  - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Further, in accordance with the Corporations Act, a vote must not be cast on this resolution (and will be taken not to have been cast if cast contrary to this restriction) by a person appointed as proxy if the person is a member of the key management personnel, or any closely related party of such a member, unless:

- the proxy appointment specifies how the proxy is to vote on this resolution; or
- the person is the chair of the meeting at which the resolution is voted on and the proxy appointment expressly authorises the chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the key management personnel.

**Resolution 4 – Approval of grant of options to Mr Matthew Briggs**

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 10.14 and for all other purposes, approval is given for the grant of 400,000 options to the Managing Director Mr Matthew Briggs (and/or his nominees) on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusions and Voting Restriction:**

The Company will disregard any votes cast in favour of this resolution by or on behalf of Mr McKeith, Mr Briggs, Mr Smith or Mr Stirzaker, or an associate of Mr McKeith, Mr Briggs, Mr Smith or Mr Stirzaker. However, this does not apply to a vote cast in favour of a resolution by:

- a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
  - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Further, in accordance with the Corporations Act, a vote must not be cast on this resolution (and will be taken not to have been cast if cast contrary to this restriction) by a person appointed as proxy if the person is a member of the key management personnel, or any closely related party of such a member, unless:

- the proxy appointment specifies how the proxy is to vote on this resolution; or
- the person is the chair of the meeting at which the resolution is voted on and the proxy appointment expressly authorises the chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the key management personnel.

#### **Resolution 5 – Approval of grant of options to Mr Brett Smith**

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 10.14 and for all other purposes, approval is given for the grant of 1,500,000 options to Mr Brett Smith (and/or his nominees) on the terms and conditions set out in the Explanatory Statement.”*

#### **Voting Exclusions and Voting Restriction:**

The Company will disregard any votes cast in favour of this resolution by or on behalf of Mr McKeith, Mr Briggs, Mr Smith or Mr Stirzaker, or an associate of Mr McKeith, Mr Briggs, Mr Smith or Mr Stirzaker. However, this does not apply to a vote cast in favour of a resolution by:

- a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
  - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Further, in accordance with the Corporations Act, a vote must not be cast on this resolution (and will be taken not to have been cast if cast contrary to this restriction) by a person appointed as proxy if the person is a member of the key management personnel, or any closely related party of such a member, unless:

- the proxy appointment specifies how the proxy is to vote on this resolution; or
- the person is the chair of the meeting at which the resolution is voted on and the proxy appointment expressly authorises the chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the key management personnel.

#### **Resolution 6 – Approval of grant of options to Mr Michael Stirzaker**

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 10.14 and for all other purposes, approval is given for the grant of 1,500,000 options to Mr Michael Stirzaker (and/or his nominees) on the terms and conditions set out in the Explanatory Statement.”*

#### **Voting Exclusions and Voting Restriction:**

The Company will disregard any votes cast in favour of this resolution by or on behalf of Mr McKeith, Mr Briggs, Mr Smith or Mr Stirzaker, or an associate of Mr McKeith, Mr Briggs, Mr Smith or Mr Stirzaker. However, this does not apply to a vote cast in favour of a resolution by:

- a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
  - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Further, in accordance with the Corporations Act, a vote must not be cast on this resolution (and will be taken not to have been cast if cast contrary to this restriction) by a person appointed as proxy if the person is a member of the key management personnel, or any closely related party of such a member, unless:

- the proxy appointment specifies how the proxy is to vote on this resolution; or
- the person is the chair of the meeting at which the resolution is voted on and the proxy appointment expressly authorises the chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the key management personnel.

**Resolution 7 – Approval of 10% additional placement capacity**

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

*“That, for the purposes of Listing Rule 7.1A and for all other purposes, approval is given for the Company to have the additional capacity to issue equity securities totalling up to 10% of the issued capital of the Company, calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:**

The Company will disregard any votes cast in favour of this resolution by or on behalf of any person who is expected to participate in, or who will obtain a material benefit as a result of, any proposed issue of securities under Listing Rule 7.1A.2 (except a benefit solely by reason of being a holder of Shares), and any of their associates. However, this does not apply to a vote cast in favour of a resolution by:

- a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
  - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

**Resolution 8 – Amendment of constitution**

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

*“That, for the purposes of section 136(2) of the Corporations Act and for all other purposes, the constitution of the Company be amended in the manner described in the Explanatory Statement.”*

**Resolution 9 – Approval to renew proportional takeover provisions**

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

*“That, for the purposes of section 648G of the Corporations Act and for all other purposes, the proportional takeover provisions contained in clause 35 of the Company’s constitution be renewed for a period of three years with effect from the close of this meeting.”*

**DATED: 23 SEPTEMBER 2020**
**BY ORDER OF THE BOARD**


**Jutta Zimmermann**  
Company Secretary

## Explanatory Notes

This Explanatory Statement has been prepared to provide information the directors believe to be material to shareholders in deciding whether or not to pass the resolutions which are the subject of the business of the meeting.

The directors recommend shareholders read this Explanatory Statement in full before making any decision in relation to the resolution. The directors also recommend shareholders read the instructions on the proxy form in full if they intend to vote by proxy.

### GENERAL BUSINESS

#### Financial statements and reports

In accordance with the Company's constitution (**Constitution**), the business of the meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2020 together with the directors' report and the auditor's report.

The Company will not provide a hard copy of the Company's annual financial report to shareholders unless specifically requested to do so. The Company's annual financial report is available on its website at [www.prodigygold.com.au](http://www.prodigygold.com.au).

### ORDINARY BUSINESS

#### Resolution 1 – Adoption of Remuneration Report

##### General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders of the Company. However, such a resolution is advisory only and does not bind the directors or the Company.

The remuneration report sets out the Company's remuneration arrangements for the directors and senior management of the Company. The remuneration report is part of the directors' report contained in the annual financial report of the Company for the financial year ending 30 June 2020.

A reasonable opportunity will be provided for discussion of the remuneration report at the Annual General Meeting.

##### Voting consequences

If at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report in two consecutive annual general meetings, the Company will be required to put to shareholders a resolution proposing the calling of an extraordinary general meeting to consider the appointment of directors of the Company (**Spill Resolution**) at the second annual general meeting.

If more than 50% of shareholders vote in favour of the Spill Resolution, the Company must convene an extraordinary general meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the directors of the Company who were in office when the directors' report (as included in the Company's annual financial report for the financial year ended immediately before the second annual general meeting) was approved, other than the Managing Director, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting, those persons whose election or re-election as directors of the Company is approved will be the directors of the Company.

At the Company's 2019 annual general meeting the votes cast against the remuneration report considered at that annual general meeting were less than 25%. Accordingly, a Spill Resolution is not capable of being put for this Annual General Meeting.

##### Directors' Recommendation

The directors recommend that shareholders vote in favour of Resolution 1.

**Resolution 2 – Re-election of Director – Mr Tommy McKeith****Background**

Clause 13.1(d) of the Constitution and Listing Rule 14.4 provide that a Director (excluding the Managing Director) must not hold office (without re-election) past the third annual general meeting following the Director's appointment or 3 years, whichever is longer.

Mr McKeith was appointed as a director on 27 June 2016 and was last re-elected at the Company's annual general meeting in 2017. As such, in accordance with clause 13.1(d) of the Constitution and Listing Rule 14.4, Mr McKeith retires by rotation and seeks re-election.

Mr McKeith is a resource company executive with over 30 years' experience in various exploration, business development, mine geology and executive leadership roles. He has led exploration teams to several significant discoveries and concluded several significant business development transactions. Mr McKeith was formerly Executive Vice President: Growth and International Projects for Gold Fields Ltd, where he was responsible for global exploration and project development. He has also served as CEO of Troy Resources Ltd and held non-executive director roles at Sino Gold Ltd and Avoca Resources. He is currently a non-executive director of Evolution Mining Ltd (since February 2014), non-executive chairman of Genesis Minerals Limited (since November 2018), non-executive director of Arrow Minerals Limited (since August 2019) and principal in various private resource investment companies.

Mr McKeith is currently the non-executive chairman of the Company.

**Directors' Recommendation**

Other than Mr McKeith (who is standing for re-election), the directors recommend that shareholders vote in favour of Resolution 2.

**SPECIAL BUSINESS****Resolutions 3 to 6 – Approval of the grant of options to directors****Background**

In 2017, as part of the overall remuneration strategy of the Company, the Company established the Prodigy Gold Employee Share Option Plan (**ESOP**). The ESOP provides for the grant of options to 'eligible employees' (including directors) invited by the Board to participate in the ESOP. The exercise of options results in the issue of fully paid ordinary shares in the Company (**Shares**). A summary of the ESOP rules is annexed to this document.

Each of the Company's directors, being Mr McKeith, Mr Briggs, Mr Smith and Mr Stirzaker, has been invited to apply for options under the ESOP.

**Reason for approval**

Listing Rule 10.14 requires that a company obtain shareholder approval for the issue of securities under an employee incentive scheme to a director, an associate of a director or a person whose relationship with the company, a director or an associate of a director is such that ASX considers approval should be obtained. Each of Mr McKeith, Mr Briggs, Mr Smith and Mr Stirzaker is a director of the Company and so the proposed issue of options to them requires approval under Listing Rule 10.14. If approval is given under Listing Rule 10.14, approval is not required under Listing Rule 7.1.

If all of resolutions 3 to 6 are passed, the Company will proceed with the grant of options to each of the directors on the terms as set out below. If any of those resolutions are not passed, then the Company will not proceed with the grant of options to the relevant director, and may need to consider alternative methods (such as cash payments) to remunerate and incentivise that director.

**Resolution 3 – Approval of the grant of options to Mr Tommy McKeith****Background**

The Company proposes to grant 7,000,000 options to the Chairman Mr Tommy McKeith (and/or his nominees) under the ESOP as part of Mr McKeith's overall remuneration package.

The Company proposes to grant the options on a date within 10 business days of the Annual General Meeting determined by the Board (**Grant Date**) and for nil consideration, to be exercised as follows:

- (a) 3,000,000 options at an exercise price of \$0.081 (being 145% of the VWAP of the Shares on the five trading days up to and including 14 February 2020), vesting on 2 November 2021 (subject to Mr McKeith remaining a director until that date) and expiring 60 months after the Grant Date;
- (b) 2,000,000 options at an exercise price of \$0.081 (being 145% of the VWAP of the Shares on the five trading days up to and including 14 February 2020), vesting on 2 November 2022 (subject to Mr McKeith remaining a director until that date) and expiring 60 months after the Grant Date;
- (c) 2,000,000 options at an exercise price \$0.081 (being 145% of the VWAP of the Shares on the five trading days up to and including 14 February 2020), vesting on 2 November 2023 (subject to Mr McKeith remaining a director until that date) and expiring 60 months after the Grant Date.

**Specific information required by Listing Rule 10.15**

Listing Rule 10.15 requires that certain information be provided to shareholders for the purposes of obtaining shareholder approval under Listing Rule 10.14. This information is as follows:

- (a) **(name of person)** the person to whom options will be granted if Resolution 3 is passed is Mr Tommy McKeith (and/or his nominees);
- (b) **(category of person)** Mr McKeith is a director of the Company, meaning that approval is required in accordance with Listing Rule 10.14.1;
- (c) **(number and class of securities)** the maximum number of options to be granted to Mr McKeith if Resolution 3 is passed is 7,000,000;
- (d) **(total remuneration package)** see 'Total remuneration package' below;
- (e) **(securities previously issued under the ESOP)** Mr McKeith has not previously been issued any securities under the ESOP, but was granted 7,000,000 options at a nil acquisition price with shareholder approval in 2016, before the adoption of the ESOP in 2017, and which are due to expire on 2 November 2020 if not exercised before that date;
- (f) **(terms of options)** the options will be granted on the terms outlined above and otherwise under the terms of the ESOP, the material terms of which are described in the annexure;
- (g) **(why options are being used)** the directors consider that the grant of the options is a cost effective and efficient means for the Company to provide a reward and incentive to Mr McKeith;
- (h) **(value of options)** see 'Total remuneration package' below;
- (i) **(date of grant)** it is intended that the options will be granted within 10 business days of the date of the Annual General Meeting;
- (j) **(price)** the options will have a grant price of nil and will therefore be granted for nil consideration;
- (k) **(no loan)** no loan will be provided by the Company in relation to the grant of the options;
- (l) **(required statements)** details of any securities issued under the ESOP will be published in the annual report of the Company relating to the period in which they were issued, along with a statement that approval for the issue was obtained under Listing Rules 10.14. Any additional persons covered by Listing Rule 10.14 who become entitled to participate in an issue of securities under the ESOP after the resolution is approved and who were not named in the notice of meeting will not participate until approval is obtained under that rule; and
- (m) **(voting exclusion statement)** a voting exclusion statement is included in the notice of meeting.

**Total remuneration package**

The Company estimates that the value of Mr McKeith’s total remuneration package is \$428,299, comprising director fees of \$80,000 and the issue of the options with a value of \$348,299 (subject to shareholder approval), which vest progressively over a three-year period so as to provide a long-term incentive and which cannot all be exercised in the current financial year. The value of the options set out is based on a Black-Scholes option pricing model that takes into account the exercise price, the anticipated vesting period of the options, the impact of dilution, the share price at grant date and expected price volatility of the underlying options, the expected dividend yield and the risk-free interest rate for the term of the options. Details are disclosed in the Company’s 2020 annual report.

The Company has not engaged a third party to provide an independent valuation report in respect of the options the subject of this Resolution 3, however the Company’s auditors, in their independent auditor’s report contained within the Company’s 2020 annual report (pages 68 to 71) disclosed share-based payments as a key audit matter outlining their assessment process.

It is important to note that the grant of options means that the actual value (if any) of the options that Mr McKeith will receive (if approval is obtained for the grant of those options) cannot be determined until the end of the performance period and will depend on the share price from the time the options vest until the time at which the options are either exercised or expire.

**Directors’ recommendation**

The Company will issue options to all of its directors and the directors are restricted from voting in accordance with the Listing Rules. As such, the directors make no recommendation as to how shareholders should vote.

**Resolution 4 – Approval of the grant of options to Mr Matthew Briggs**

**Background**

The Company proposes to grant 400,000 options to the Managing Director, Mr Matthew Briggs (and/or his nominees), under the ESOP as part of Mr Briggs’ overall remuneration package.

The Company proposes to grant the options within three business days of the Annual General Meeting, for nil consideration, vesting on 1 July 2023 (subject to the achievement of the “Long Term Incentive” between 1 July 2020 and 1 July 2023), with a nil exercise price and expiring on 1 July 2025 (unless they expire earlier in accordance with the rules of the ESOP).

**“Long Term Incentive”**

“Long Term Incentive” means the achievement of KPIs, comprising the discovery and definition of a substantial new deposit of >1Moz JORC Resource, category inferred or better, within an optimised design and having an average cost of production of <A\$1200/oz (**Resource Target**) and total shareholder return (**TSR**) on the 5 day VWAP for the trading days prior to 1 July 2020 (\$0.047) (**Base Price**), scored and weighted as follows:

KPI	100%	50%	0%	Weighting
Resource Target	1Moz or more added	At least 500koz, but less than 1Moz, added	Less than 500koz added	50%
TSR	At least two times the Base Price	At least 1.5 times the Base Price but less than two times the Base Price	Less than 1.5 times Base Price	50%

The number of options that vest in accordance with the “Long Term Incentive” will be reduced by the “EHS Multiplier” in respect of the period 1 July 2022 to 1 July 2023.

**“EHS Multiplier”**

Options subject to the “Long Term Incentive” are also subject to the “EHS Multiplier”, which aligns with the Company’s objective for there to be no major injuries, and no major reportable environmental or community incidents occurring during the assessment period. The EHS Multiplier applies as follows:

Percentage of options subject to "EHS Multiplier" that vest			
EHS Multiplier	100%	50%	0%
FY 2023	No major injuries / incidents	Level 3 incident	Level 4 or 5 incident

**Specific Information required by Listing Rule 10.15**

Listing Rule 10.15 requires that certain information be provided to shareholders for the purposes of obtaining shareholder approval under Listing Rule 10.14. This information is as follows:

- (a) **(name of person)** the person to whom options will be granted if Resolution 4 is passed is Mr Briggs (and/or his nominees);
- (b) **(category of person)** Mr Briggs is a director of the Company, meaning that approval is required in accordance with Listing Rule 10.14.1;
- (c) **(number and class of securities)** the maximum number of options to be granted to Mr Briggs is 400,000 options if Resolution 4 is passed);
- (d) **(total remuneration package)** see 'Total remuneration package' below;
- (e) **(securities previously issued under ESOP)** a total of 26,000,000 options have previously been granted to Mr Briggs under the ESOP, including:
  - 11,000,000 options issued during FY 2017, at a nil acquisition price and with exercise prices varying between \$0.09 and \$0.189. All options vested and lapsed unexercised on 24 August 2020; and
  - 15,000,000 options issued during FY 2020 following shareholder approval at the 2019 annual general meeting. The options have a nil acquisition price and a nil exercise price and are subject to KPI's. 2,000,000 options vested and 500,000 options were cancelled on 1 July 2020 in accordance with their conditions. 12,500,000 options have not yet vested and all options expire on 1 July 2030;
- (f) **(terms of options)** the options will be granted on the terms outlined above and otherwise under the terms of the ESOP, the material terms of which are described in the annexure;
- (g) **(why options are being used)** the directors consider that the grant of the options is a cost effective and efficient means for the Company to provide a reward and incentive to Mr Briggs;
- (h) **(value of options)** see 'Total remuneration package' below;
- (i) **(date of grant)** it is intended that the options will be granted within three business days of the Annual General Meeting, or such later date as the Board determines;
- (j) **(price)** the options will have a grant price of nil and will therefore be granted for nil consideration;
- (k) **(no loan)** no loan will be provided in relation to the grant of the options;
- (l) **(required statements)** details of any securities issued under the ESOP will be published in the annual report of the Company relating to the period in which they were issued, along with a statement that approval for the issue was obtained under Listing Rules 10.14. Any additional persons covered by Listing Rule 10.14 who become entitled to participate in an issue of securities under the ESOP after the resolution is approved and who were not named in the notice of meeting will not participate until approval is obtained under that rule; and
- (m) **(voting exclusion statement)** a voting exclusion statement is included in the notice of meeting.

### Total remuneration package

The Company estimates that the value of Mr Briggs' total remuneration package is \$353,600, comprising salary of \$315,000, superannuation contributions of \$25,000 and the issue of the options the subject of this resolution with a value of \$13,600 (subject to shareholder approval), which vest on 1 July 2023 so as to provide a long-term incentive and which cannot all be exercised in the current financial year. The value of the options set out is based on a Black-Scholes option pricing model that takes into account the exercise price, the anticipated vesting period of the options, the impact of dilution, the share price at grant date and expected price volatility of the underlying options, the expected dividend yield and the risk-free interest rate for the term of the options.

The Company has not engaged a third party to provide an independent valuation report in respect of the options the subject of this Resolution 4, however the Company has estimated the value of the options using the same method applied to the "Long Term Incentive" proportion of the options issued in November 2019. The November 2019 options were part of the 2020 annual report and the Company's auditors, in their independent auditor's report contained within the Company's 2020 annual report (pages 68 to 71) disclosed share-based payments as a key audit matter outlining their assessment process.

It is important to note that the grant of options means that the actual value (if any) of the options that Mr Briggs will receive (if approval is obtained for the grant of those options) cannot be determined until the end of the performance period and will depend on the share price from the time the options vest until the time at which the options are either exercised or expire.

### Directors' Recommendation

The Company will issue options to all of its directors and the directors are restricted from voting in accordance with the Listing Rules. As such, the directors make no recommendation as to how shareholders should vote.

### Resolution 5 – Approval of the grant of options to Mr Brett Smith

#### Background

The Company proposes to grant 1,500,000 options to Non-Executive Director Mr Smith (and/or his nominees) under the ESOP as part of Mr Smith's overall remuneration package.

The Company proposes to grant the options on a date within 10 business days of the Annual General Meeting determined by the Board (**Grant Date**) and for nil consideration, to be exercised as follows:

- (a) 500,000 options at an exercise price \$0.081 (being 145% of the VWAP of the Shares on the five trading days up to and including 14 February 2020), vesting on 14 February 2021 (subject to Mr Smith remaining a director until that date) and expiring 60 months after the Grant Date;
- (b) 500,000 options at an exercise price \$0.081 (being 145% of the VWAP of the Shares on the five trading days up to and including 14 February 2020), vesting on 14 February 2022 (subject to Mr Smith remaining a director until that date) and expiring 60 months after the Grant Date; and
- (c) 500,000 options at an exercise price equal \$0.081 (being 145% of the VWAP of the Shares on the five trading days up to and including 14 February 2020), vesting on 14 February 2023 (subject to Mr Smith remaining a director until that date) and expiring 60 months after the Grant Date.

#### Specific information required by Listing Rule 10.15

Listing Rule 10.15 requires that certain information be provided to shareholders for the purposes of obtaining shareholder approval under Listing Rule 10.14. This information is as follows:

- (a) **(name of person)** the person to whom options will be granted if Resolution 5 is passed is Mr Smith (and/or his nominees);
- (b) **(category of person)** Mr Smith is a director of the Company, meaning that approval is required in accordance with Listing Rule 10.14.1;
- (c) **(number and class of securities)** the maximum number of options to be granted to Mr Smith is 1,500,000 options if Resolution 5 is passed);
- (d) **(total remuneration package)** see 'Total remuneration package' below;

- (e) **(securities previously issued under the ESOP)** 1,500,000 options have previously been granted to Mr Smith under the ESOP at a nil acquisition price. The options have an exercise price of \$0.133, expire on 29 November 2021;
- (f) **(terms of options)** the options will be granted on the terms outlined above and otherwise under the terms of the ESOP, the material terms of which are described in the annexure;
- (g) **(why options are being used)** the directors consider that the grant of the options is a cost effective and efficient means for the Company to provide a reward and incentive to Mr Smith;
- (h) **(value of options)** see 'Total remuneration package' below;
- (i) **(date of grant)** it is intended that the options will be granted within 10 business days of the date of the Annual General Meeting, or such later date as the Board determines;
- (j) **(price)** the options will have a grant price of nil and will therefore be granted for nil consideration;
- (k) **(no loan)** no loan will be provided in relation to the grant of the options;
- (l) **(required statements)** details of any securities issued under the ESOP will be published in the annual report of the Company relating to the period in which they were issued, along with a statement that approval for the issue was obtained under Listing Rules 10.14. Any additional persons covered by Listing Rule 10.14 who become entitled to participate in an issue of securities under the ESOP after the resolution is approved and who were not named in the notice of meeting will not participate until approval is obtained under that rule; and
- (m) **(voting exclusion statement)** a voting exclusion statement is included in the notice of meeting.

#### **Total remuneration package**

The Company estimates that the value of Mr Smith's total remuneration package is \$104,312, comprising director fees of \$30,000 and the issue of the options with a value of \$74,312 (subject to shareholder approval), which vest progressively over a three-year period so as to provide a long-term incentive and which cannot all be exercised in the current financial year. The value of the options set out is based on a Black-Scholes option pricing model that takes into account the exercise price, the anticipated vesting period of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying option, the expected dividend yield and the risk-free interest rate for the term of the option. Details are disclosed in the Company's 2020 annual report.

The Company has not engaged a third party to provide an independent valuation report in respect of the options the subject of this Resolution 5, however the Company's auditors, in their independent auditor's report contained within the Company's 2020 annual report (pages 68 to 71) disclosed share-based payments as a key audit matter outlining their assessment process

It is important to note that the grant of options means that the actual value (if any) of the options that Mr Smith will receive (if approval is obtained for the grant of those options) cannot be determined until the end of the performance period and will depend on the share price from the time the options vest until the time at which the options are either exercised or expire.

#### **Directors' recommendation**

The Company will issue options to all of its directors and the directors are restricted from voting in accordance with the Listing Rules. As such, the directors make no recommendation as to how shareholders should vote.

### **Resolution 6 – Approval of the grant of options to Mr Michael Stirzaker**

#### **Background**

The Company proposes to grant 1,500,000 options to Non-Executive Director Mr Stirzaker (and/or his nominees) under the ESOP as part of Mr Stirzaker's overall remuneration package.

The Company proposes to grant the options on a date within 10 business days of the Annual General Meeting determined by the Board (**Grant Date**) and for nil consideration, to be exercised as follows:

- (a) 500,000 options at an exercise price of \$0.081 (being 145% of the VWAP of the Shares on the five trading days up to and including 14 February 2020), vesting on 14 February 2021 (subject to Mr Stirzaker remaining a director until that date) and expiring 60 months after the Grant Date;

- (b) 500,000 options at an exercise price of \$0.081 (being 145% of the VWAP of the Shares on the five trading days up to and including 14 February 2020), vesting on 14 February 2022 (subject to Mr Stirzaker remaining a director until that date) and expiring 60 months after the Grant Date; and
- (c) 500,000 options at an exercise price of \$0.081 (being 145% of the VWAP of the Shares on the five trading days up to and including 14 February 2020), vesting on 14 February 2023 (subject to Mr Stirzaker remaining a director until that date) and expiring 60 months after the Grant Date.

### Specific information required by Listing Rules 10.15

Listing Rule 10.15 requires that certain information be provided to shareholders for the purposes of obtaining shareholder approval under Listing Rule 10.14. This information is as follows:

- (a) **(name of person)** the person to whom options will be granted if Resolution 6 is passed is Mr Stirzaker (and/or his nominees);
- (b) **(category of person)** Mr Stirzaker is a director of the Company, meaning that approval is required in accordance with Listing Rule 10.14.1;
- (c) **(number and class of securities)** the maximum number of options to be granted to Mr Stirzaker is 1,500,000 options if Resolution 6 is passed);
- (d) **(total remuneration package)** see 'Total remuneration package' below;
- (e) **(securities previously issued under the ESOP)** no options have previously been granted to Mr Stirzaker under the ESOP;
- (f) **(terms of options)** the options will be granted on the terms outlined above and otherwise under the terms of the ESOP, the material terms of which are described in the annexure;
- (g) **(why options are being used)** the directors consider that the grant of the options is a cost effective and efficient means for the Company to provide a reward and incentive to Mr Stirzaker;
- (h) **(value of options)** see 'Total remuneration package' below;
- (i) **(date of grant)** it is intended that the options will be granted within 10 business days of the date of the Annual General Meeting, or such later date as the Board determines;
- (j) **(price)** the options will have a grant price of nil and will therefore be granted for nil consideration;
- (k) **(no loan)** no loan will be provided in relation to the grant of the options;
- (l) **(required statements)** details of any securities issued under the ESOP will be published in the annual report of the Company relating to the period in which they were issued, along with a statement that approval for the issue was obtained under Listing Rules 10.14. Any additional persons covered by Listing Rule 10.14 who become entitled to participate in an issue of securities under the ESOP after the resolution is approved and who were not named in the notice of meeting will not participate until approval is obtained under that rule; and
- (m) **(voting exclusion statement)** a voting exclusion statement is included in the notice of meeting.

### Total remuneration package

The Company estimates that the value of Mr Stirzaker's total remuneration package is \$104,312, comprising director fees of \$30,000 and the issue of the options with a value of \$74,312 (subject to shareholder approval), which vest progressively over a three-year period so as to provide a long-term incentive and which cannot all be exercised in the current financial year. The value of the options set out is based on a Black-Scholes option pricing model that takes into account the exercise price, the anticipated vesting period of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying option, the expected dividend yield and the risk-free interest rate for the term of the option. Details are disclosed in the Company's 2020 annual report.

The Company has not engaged a third party to provide an independent valuation report in respect of the options the subject of this Resolution 5, however the Company's auditors, in their independent auditor's report contained within the Company's 2020 annual report (pages 68 to 71) disclosed share-based payments as a key audit matter outlining their assessment process.

It is important to note that the grant of options means that the actual value (if any) of the options that Mr Stirzaker will receive (if approval is obtained for the grant of those options) cannot be determined until the end of the

performance period and will depend on the share price from the time the options vest until the time at which the options are either exercised or expire.

### Directors' recommendation

The Company will issue options to all of its directors and the directors are restricted from voting in accordance with the Listing Rules. As such, the directors make no recommendation as to how shareholders should vote.

## Resolution 7 – Approval of 10% additional placement capacity

### Background

Listing Rule 7.1A enables eligible entities to issue equity securities up to 10% of its issued Share capital through placements over a period of up to 12 months after the annual general meeting at which approval of the issue is obtained (**10% Additional Placement Capacity**). This 10% Additional Placement Capacity is in addition to the Company's 15% placement capacity under Listing Rule 7.1 and will, if approved, allow the Company to issue up to 25% of its issued capital in total. If Resolution 7 is not passed, the Company will not be granted the 10% Additional Placement Capacity and will only be able to rely on its 15% placement capacity under Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX300 Index and has a market capitalisation of \$300 million or less. On 8 September 2020, the closing price of Shares was \$0.064 per Share and the Company had 580,627,606 Shares on issue, meaning the market capitalisation of the Company on 8 September 2020 was approximately \$37,160,166.

As the market capitalisation of the Company is less than \$300 million and the Company is not included in the S&P/ASX 300 Index, the Company is an eligible entity. In order for the Company to utilise the additional capacity to issue equity securities under Listing Rule 7.1A, it must remain compliant with the requirements of Listing Rule 7.1A at the date of the Annual General Meeting.

The Company is now seeking shareholder approval by way of a special resolution, which requires approval of 75% of the votes cast by shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate shareholder, by a corporate representative), to have the ability to issue equity securities under the 10% Additional Placement Capacity. The exact number of equity securities to be issued under the 10% Additional Placement Capacity will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2.

### Number of equity securities

The formula for calculating the maximum number of equity securities that may be issued under the 10% Additional Placement Capacity is calculated as follows:

#### (A x D) – E

**A** is the number of Shares on issue 12 months before the date of issue or the date of agreement to issue (**Relevant Period**):

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

D is 10%.

E is the number of equity securities issued or agreed to be issued under Listing Rule 7.1A.2 in the Relevant Period where the issue or agreement has not been subsequently approved by shareholders under Listing Rule 7.4.

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

At the date of this notice, the Company has 580,627,606 Shares on issue. As such, provided that Resolution 7 is passed, the Company will have capacity to issue:

- (a) 87,094,140 equity securities under Listing Rule 7.1; and
- (b) 58,062,760 equity securities under Listing Rule 7.1A.

Any equity securities issued under the 10% Additional Placement Capacity must be in the same class as an existing quoted class of equity securities of the Company.

The Company, as at the date of this notice, has only one class of quoted equity securities on issue, being Shares. Accordingly, as at the date of this notice the only equity securities the Company may issue under Listing Rule 7.1A are Shares issued for cash consideration in accordance with Listing Rule 7.1A.3.

A number of scenarios showing potential issues under Listing Rule 7.1A are detailed in the table below under the heading 'Risk of economic and voting dilution'.

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

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

#### **(a) Period for which the approval will be valid**

Subject to approval of this resolution, the approval commences on the date on which the approval is obtained and expires on the first to occur of the following:

- the date that is 12 months after the date of the Annual General Meeting;
- the time and date of the Company's next annual general meeting;
- the time and date of the approval by holders of the Company's ordinary securities of a transaction under Listing Rules 11.1.2 or 11.2.

#### **(b) Minimum issue price**

The issue price of Shares under this 10% Additional Placement Capacity will be no less than 75% of the volume weighted average market price for Shares calculated over the 15 trading days on which trades in that class were recorded immediately before:

- the date on which the price at which the Shares are to be issued is agreed by the Company and the recipient of the Shares; or
- if the Shares are not issued within 10 trading days of the date in the paragraph above, the date on which the Shares are issued.

#### **(c) Purposes for which Shares may be issued**

The Company may seek to issue the Shares for the purposes of an acquisition of new assets or investments (including expenses associated with such acquisition), continued exploration and development expenditure on the Company's current assets and/or general working capital.

#### **(d) Risk of economic and voting dilution**

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

There is a risk that:

- the market price for the Shares may be significantly lower on the date of the issue of the Shares than on the date on which the approval under Listing Rule 7.1A is given; and

- the Shares may be issued at a price that is at a discount to the market price for the Shares on the issue date.

The table also shows:

- two examples where variable “A” has increased, by 50% and 100%. Variable “A” is based on the number of Shares the Company has on issue. The number of Shares on issue may increase as a result of Shares that do not require shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future meeting of shareholders; and
- two examples where the issue price of Shares has decreased by 50% and increased by 100% as against the current market price.

The Table does not show an example of dilution that may be caused to a particular shareholder by reason of placements under the 10% Additional Placement Capacity, based on that shareholder’s holding at the date of the annual general meeting. The Table also shows only the effect of issues of Shares under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.

The Table has been prepared on the following assumptions:

- the Company issues the maximum number of Shares available under the 10% Additional Placement Capacity;
- no unlisted options (including any unlisted options issued under the 10% Additional Placement Capacity) are exercised into Shares before the date of the issue of the equity securities;
- the 10% voting dilution reflects the aggregate percentage dilution against the issued capital at the time of issue. This is why the voting dilution is shown in each example as 10%; and
- the issue price of 6.4 cents per Share, being the closing price of Shares on 8 September 2020.

Variable “A” in Listing Rule 7.1A.2		Dilution		
		\$0.0320 50% decrease in issue price	\$0.0640 Issue Price	\$0.1280 100% increase in issue price
<b>Current Variable A</b> 580,627,606 Shares	10% voting dilution Funds raised	58,062,760 Shares \$1,858,008	58,062,760 Shares \$3,716,017	58,062,760 Shares \$7,432,033
<b>50% increase in current Variable A</b> 870,941,409 Shares	10% voting dilution Funds raised	87,094,140 Shares \$2,787,012	87,094,140 Shares \$5,574,025	87,094,140 Shares \$11,148,050
<b>100% increase in current Variable A</b> 1,161,255,212 Shares	10% voting dilution Funds raised	116,125,521 Shares \$3,716,017	116,125,521 Shares \$7,432,033	116,125,521 Shares \$14,864,067

**(e) Allocation policy**

The Company’s allocation policy is dependent upon the prevailing market conditions at the time of any proposed issue pursuant to the 10% Additional Placement Capacity. The intended allottees, usually sophisticated and professional investors, will be determined on a case-by-case basis having regard to, but not limited to, the following factors:

- the methods of raising funds that are available to the Company, including but not limited to, rights issues or other issues in which existing security holders can participate;
- the effect of the issue of the Shares on control of the Company;

- the financial situation and solvency of the Company; and
- advice from corporate, financial and broking advisors (if applicable).

The allottees under the 10% Additional Placement Capacity have not been determined as at the date of this notice, but may include existing substantial shareholders and/or new shareholders who are not related parties or associates of a related party of the Company.

**(f) Equity securities issued by the Company**

No equity securities have been issued or agreed to be issued under Listing Rules 7.1A.2 in the 12 months preceding the date of the annual general meeting.

**(g) Voting Exclusion**

A voting exclusion statement is set out in this notice. As at the date of this annual general meeting, the Company is not proposing to make an issue of equity securities under Listing Rule 7.1A.2 and as such, no shareholders will be excluded from voting on Resolution 7.

## 1.2 Directors' Recommendation

The directors recommend that shareholders vote in favour of Resolution 7.

### Resolution 8 – Amendment of constitution

#### Background

A constitution is a contract between a company and each its members, a company and each of its directors, and a company's members with each other member. The constitution governs a company's internal management including the operations of the company and its business, its employees and officers, dealings with equity in the company and the procedure for directors' and members' meetings. The constitution may displace or modify the rules set out in the Corporations Act that may otherwise apply.

The Company's current constitution (**Constitution**) was adopted in 2017 and amended in 2018. Since 2018, there have been a number of substantial changes to the ASX Listing Rules, as well as technological developments and changes in the practices of companies, particularly in relation to the manner in which general meetings are held and will likely continue to be held going forward.

The directors recommend that the Constitution be amended to take account of these changes, and to address other specific matters that the directors consider to be in the best interests of the Company. To that end, the directors propose to amend the Constitution in the manner described below and set out in the consolidated version of the constitution which may be obtained prior to the meeting in accordance with the instructions set out below (**Amendments**).

A consolidated copy of the Constitution incorporating the Amendments (**Consolidated Constitution**) can be obtained prior to the meeting from the Company's registered office address at Level 1, 141 Broadway, Nedlands, Western Australia during normal business hours, on the Company's website at <http://www.prodigygold.com.au/about-prodigy-gold/corporate-governance/> or upon request by contacting the company secretary by mail to Company Secretary, Level 1, 141 Broadway, Nedlands WA 6009. The Consolidated Constitution will remain available on the Company's website during the meeting.

Under section 136 of the Corporations Act, a company may modify its constitution or a provision of its constitution by special resolution. This resolution seeks shareholder approval to amend the Constitution by making the Amendments.

To assist shareholders in making an informed decision regarding Resolution 8, a summary of the Amendments is set out below. However, this is necessarily a summary only and shareholders who believe it will assist their decision as to how to vote should review the Consolidated Constitution in its entirety.

## Summary of amendments

### (a) **Restricted securities (clause 2.11)**

The provisions relating to restricted securities have been updated to incorporate the new Listing Rule requirements for the constitutions of listed companies in respect of restricted securities (i.e. securities that are issued subject to a disposal restriction in accordance with the requirements of the Listing Rules). These provisions now reflect the wording of the new Listing Rule requirements.

### (b) **General Meetings (clause 11)**

The Amendments provide the Company with power to call and hold meetings of its shareholders in multiple places or by using any one or more technologies as the directors decide (such as telephone or video) or a combination of physical locations and electronic means.

These changes allow the Company to hold general meetings via the internet or some other technological platform, or alternatively by providing shareholders with an opportunity to attend general meetings held at a particular place using technology. In any case, shareholders would have the ability to ask questions, participate in proceedings and vote at the meeting electronically. The directors consider that these changes will provide shareholders with greater access to general meetings, particularly in circumstances where shareholders are unable to attend general meetings physically (whether because of personal circumstances, government regulations or otherwise). These changes are also consistent with the recommendations of the ASX Corporate Governance Council that, as part of respecting the rights of shareholders, a company should encourage and facilitate participation at meetings of security holders.

### (c) **Notices (clauses 11.6 and 25)**

The Amendments facilitate the giving of notices and other documents to shareholders by electronic means, including by giving the Company the ability to notify shareholders that a notice of meeting is available electronically (such as on the Company's website) and by providing the electronic means by which the shareholder may access the notice of meeting (such as by providing a hyperlink containing the website address where the notice is located). The Amendments also clarify the deemed timeframes for receipt of notices.

The directors note that the administrative costs of sending notices by post are material, and that facilitating the giving of electronic notices provides an administrative cost reduction benefit to the Company. Sending notices via electronic means also has a lower environmental impact than posting notices.

### (d) **Quorum (clause 12)**

The Amendments clarify that a quorum is present whether physically or by electronic means.

## Directors' Recommendation

The directors recommend that shareholders vote in favour of Resolution 8.

### **Resolution 9 – Approval to renew proportional takeover provisions**

## Background

A proportional takeover offer is a takeover offer sent to all shareholders with respect to only a specified portion of each shareholder's Shares. If a shareholder accepts the offer under a proportional takeover offer, the shareholder will only dispose of the specified portion of its Shares in the company and retain the balance of their Shares. The specified portion must be the same for each shareholder's Shares.

The Corporations Act permits a company to include provisions in its constitution dealing with a proportional takeover offer of the company's Shares (known as proportional takeover provisions). Under such provisions, if offers are made under a proportional takeover bid for securities of the company, the registration of a transfer giving effect to a takeover contract for the bid is prohibited unless and until a resolution to approve the bid is passed in accordance with the provisions.

The Corporations Act provides that the proportional takeover provisions apply for up to three years. Clause 35 of the Constitution includes such proportional takeover provisions which if not approved at the General Meeting will cease to be in effect and, as such, the Company is seeking approval under this Resolution 9 to renew the proportional takeover provisions in the Constitution. If Resolution 9 is approved, these proportional takeover provisions will have effect until 2 November 2023, being 3 years from the approval of this resolution.

### **Effect of the provisions to be renewed**

The effect of renewing the proportional takeover provisions in the Constitution is that where a proportional takeover offer is made, the directors will be required to convene a meeting of shareholders, to vote on a resolution to approve the proportional takeover offer. This resolution must be voted on before the 14<sup>th</sup> day before the last day of the bid period. If the resolution to approve the bid is not voted on by this deadline, the Corporations Act deems the resolution to have been passed.

In order for the resolution to be passed, the proportion of the number of votes in favour of the resolution must be greater than 50% of the total votes. If the resolution to approve the bid is passed, the transfers resulting from the takeover offer may be registered, provided they comply with other applicable provisions in the Corporations Act and the Constitution. If the resolution to approve the bid is not passed, all binding contracts resulting from acceptances of offers made under the takeover offer are required to be rescinded by the bidder and all unaccepted offers (and offers failing to result in binding contracts) are taken to have been withdrawn.

The proportional takeover provisions will not apply to a full takeover bid.

### **The reasons for proposing the resolution**

A proportional takeover may result in a person or entity acquiring control of the Company notwithstanding that the person or entity does not hold a majority interest and without shareholders having the opportunity to sell all of their Shares to the bidder. This may result in the existing shareholders being exposed to the risk of being left as minority shareholders in the Company and of the bidder being able to acquire control of the Company without payment of an adequate, or any, premium for control of their Shares. As there is a risk that the market price of the Company's Shares will decrease as a result of a proportional takeover bid, there is also a risk that shareholders may suffer loss without having had an opportunity to dispose of their Shares. The directors consider that, given this risk, it is appropriate that shareholders be given the opportunity to determine whether or not to approve a proposed takeover offer. Accordingly, the directors seek approval for the renewal of those provisions.

### **No current proposals**

At the date of this notice of meeting, none of the directors of the Company are aware of a proposal by a person to acquire, or to increase the extent of, a substantial interest in the Company.

### **Potential advantages for shareholders**

The advantages of these provisions during the period which the provisions have been in effect, and the potential advantages for shareholders of renewing these provisions, are that the provisions:

- provide the shareholders with greater control over the management and control of their Company by having an opportunity to consider a proportional takeover offer and vote on whether to approve a proportional takeover bid;

- give shareholders the opportunity to prevent the bid from proceeding if shareholders so desire by voting against the bid, which should in turn increase the likelihood that the terms of any proportional takeover offers are attractive to a majority of shareholders;
- may dissuade bidders considering a proportional takeover bid for the Company that will not be favourable to shareholders on the basis that such a bid is unlikely to receive approval from the shareholders;
- may increase the likelihood that that any takeover bid would be a full takeover bid, therefore giving shareholders an opportunity to sell all of their Shares rather than a proportion; and
- enable the directors to ascertain the views of shareholders in respect of a proportional takeover offer through a meeting.

#### **Potential disadvantages for shareholders**

The disadvantages of these provisions during the period which the provisions have been in effect, and the potential disadvantages for shareholders of renewing these provisions, are that the provisions:

- place procedural hurdles in the way of proportional takeover bids, potentially denying shareholders an opportunity to sell some of their Shares at an attractive price to persons seeking control of the Company;
- may discourage those considering making proportional takeover bids in respect of the Company from making such a bid because of the uncertainty of whether shareholders will approve the bid, again potentially denying the shareholders an opportunity to sell their Shares;
- may diminish the prospective takeover element of the market price of the Shares by their existence; and
- may deny an individual shareholder the opportunity to accept a proportional takeover bid if a majority of shareholders do not vote in favour of approving the bid.

However, the directors believe that the views of shareholders being obtained should not adversely affect any offer which is attractive to the majority of shareholders.

#### **Potential advantages and disadvantages for directors**

The directors do not consider that there have been any advantages or disadvantages specific to the directors of these provisions during the period which the provisions have been in effect, or that there are any potential advantages or potential disadvantages specific to the directors through the renewal of these provisions, other than those potential advantages and potential disadvantages that arise because a director is also a shareholder.

#### **Directors' Recommendation**

The directors recommend that shareholders vote in favour of Resolution 9.

**ANNEXURE – Terms of the Employee Share Option Plan**

Eligibility	<p>The Board may, in its absolute discretion, issue written invitations to Eligible Employees selected by the Board inviting them to apply for options under the ESOP.</p> <p>“Eligible Employees” under the ESOP are any person considered by the Board to be an employee of the Company, directors of the Company, and other persons determined by the Board to be treated as employees.</p>
Grant of options	<p>If the Company receives a valid application for options from an Eligible Employee under the Rules of the ESOP, the Company may at the discretion of the Board grant options to that Eligible Employee.</p> <p>The grant of options under the ESOP is subject to receipt of any necessary shareholder or other approvals under the Listing Rules, the Corporations Act and any other law applicable to the Company.</p>
Maximum number of options	<p>The Company must not grant options if such grant would result in any maximum threshold specified under any applicable Listing Rules, under the Corporations Act, or any other law applicable to the Company being exceeded.</p>
No quotation	<p>The Company will not apply to the ASX for the quotation of any options granted under the ESOP. The Company will make an application for the quotation of Shares issued upon the exercise of any options under the ESOP.</p>
Expiry of options	<p>Options will expire and lapse on the expiry date determined by the Board.</p> <p>Where a participant ceases to be an employee of the Company, unvested options held by that participant will automatically expire and lapse, and the expiry and lapse of vested options held by the participant will accelerate.</p>
Exercise of options	<p>An option granted under the ESOP may only be exercised if it has vested and has not expired. An option will automatically vest upon a change in control event occurring, regardless of the vesting date has been reached or whether an applicable vesting condition has been achieved.</p> <p>If a participant does not exercise all of their options, they must only exercise options in multiples of 1,000 and not less than 25,000 options.</p> <p>Shares issued on exercise of the options will rank equally with all existing Shares from the date of the issue of such Shares.</p>
Transfer	<p>The rights and entitlements of a participant to options may not be transferred, assigned, encumbered or otherwise disposed of by the participant except by transmission on death of the participant.</p>
Loan	<p>The directors may offer a loan to a participant who holds an option for the amount of the exercise price in order to enable the participant to pay the exercise price.</p> <p>Where the participant:</p> <ul style="list-style-type: none"> <li>• ceases to be an Eligible Employee;</li> <li>• fails to comply with a term or condition of the loan or the ESOP; or</li> <li>• becomes bankrupt,</li> </ul> <p>the Company may purchase the Shares from the participant or direct that such Shares be sold to a nominee of the Company at a price that is the lesser of the</p>

	<p>purchase price of the Shares paid by the participant and the market price at the date of such disposition.</p> <p>The Company will then apply the proceeds from the disposal of the Shares towards satisfaction of any amounts outstanding under or in connection with the Loan.</p>
Participation rights	A Participant may only participate in issues of securities by the Company if the option has been exercised and a Share allotted in respect of the exercise of that option before the closing date for determining entitlements to the security issue.
Reconstruction of capital	In the event of any reconstruction of the issued capital of the Company between the date of grant of the options and the exercise of the options, the number of Shares to which the holder will become entitled on the exercise of the options and their exercise price will be adjusted.
Termination	The ESOP may be determined at any time by resolution of the Board.
Governing law	The ESOP is governed by the laws of Western Australia, Australia. Subdivision 83A-C of the <i>Income Tax Assessment Act 1997</i> (Cth) applies to the ESOP and all options granted under the ESOP.

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

Holder Number:

## Vote by Proxy: PRX

Your proxy voting instruction must be received by **1.30pm (WST) on Saturday, 31 October 2020**, being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

### SUBMIT YOUR PROXY VOTE ONLINE

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

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

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



### SUBMIT YOUR PROXY VOTE BY PAPER

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

#### YOUR NAME AND ADDRESS

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

Shareholders sponsored by a broker should advise their broker of any changes.

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

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

#### DEFAULT TO THE CHAIRMAN OF THE MEETING

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

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

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



