

PRIMERO

ABN 96 149 964 045

NOTICE OF 2020 ANNUAL GENERAL MEETING

WEDNESDAY
25 NOVEMBER 2020

THE ANNUAL GENERAL MEETING OF
PRIMERO GROUP LIMITED WILL BE HELD AT
78 HASLER ROAD, OSBORNE PARK, PERTH, WA
AT 1.00PM (PERTH TIME).

Notice of Annual General Meeting 2020

Primero's AGM will be held at Primero's office at 78 Hasler Road, Osborne Park, Perth, Western Australia, on **Wednesday, 25 November 2020 at 1.00pm** (Perth time). As a result of the COVID-19 pandemic and associated public health concerns and restrictions on travel and gatherings, Shareholders residing in Perth will be able to attend the meeting in person, however interstate Shareholders will not be able to physically attend the meeting. Accordingly, Shareholders can participate in the AGM via teleconference with dial-in details to be advised ahead of date of the AGM.

Items of Business

Receipt of financial statements and reports

To discuss the Company's Annual Financial Report for the year ended 30 June 2020, together with the Directors' Report and Auditor's Report as set out in the 2020 Annual Report.

Resolution 1 - Adoption of the remuneration report

To adopt the Remuneration Report (which forms part of the Directors' Report) for the year ended 30 June 2020.

Voting restrictions apply to this resolution (see page 4).

Resolution 2 - To re-elect Mark Connelly as a director

Resolution 3 - To elect Kristie Young as a director

Resolution 4 - To elect Bryn Hardcastle as a director

Resolution 5 - Approval of Employee Incentive Plan

That for the purposes of ASX Listing Rule 7.2 Exception 13 and for all other purposes, the 2020 Employee Incentive Plan is approved for a period of three years from the date of this Meeting and the Company may allot and issue ordinary shares upon the exercise or vesting of incentives under the terms of the Employee Incentive Plan as described in the Explanatory Memorandum.

Voting restrictions apply to this resolution (see page 4).

Resolution 6 - Grant of Options to the Managing Director, Cameron Henry - FY2021 Long Term Incentive

To approve the grant of up to 1,428,054 Plan Options to Cameron Henry (and/or his nominee), to be issued in accordance with Primero's Employee Incentive Plan as described in the explanatory notes and issued in accordance with Listing Rule 10.14, chapters 2D and 2E of the Corporations Act and for all other purposes.

Voting restrictions apply to this resolution (see page 4).

Resolution 7 - Grant of Plan Options to the Executive Director, Dean Ercegovic- FY2021 Long Term Incentive

To approve the issue of up to 601,952 Plan Options to Dean Ercegovic (and/or his nominee), to be issued in accordance with Primero's Employee Incentive Plan as described in the explanatory notes and issued in accordance with Listing Rule 10.14, chapters 2D and 2E of the Corporations Act and for all other purposes.

Voting restrictions apply to this resolution (see page 4).

Resolution 8 - Grant of Plan Options to the Executive Director, Brett Grosvenor- FY2021 Long Term Incentive

To approve the issue of up to 601,952 Plan Options to Brett Grosvenor (and/or his nominee), to be issued in accordance with Primero's Employee Incentive Plan as described in the explanatory notes, and issued in accordance with Listing Rule 10.14, chapters 2D and 2E of the Corporations Act and for all other purposes.

Voting restrictions apply to this resolution (see page 4).

Resolution 9 - Issue of Plan Options to Non- Executive Director, Mark Connelly – FY21 Director Fee

To approve the issue of up to 74,963 Plan Options to Mark Connelly (and/or his nominee), to be issued in accordance with Primero's Employee Incentive Plan as described in the explanatory notes, and issued in accordance with Listing Rule 10.14, chapters 2D and 2E of the Corporations Act and for all other purposes.

Voting restrictions apply to this resolution (see page 4).

Resolution 10 - Approval of Additional 10% Placement Capacity Under ASX Listing Rule 7.1A

That, pursuant to and in accordance with ASX Listing Rule 7.1A and for all other purposes, approval is given by the Shareholders to allow the Company to issue equity securities up to 10% of the issued capital of the Company (at the time of the issue), calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2.

Voting restrictions apply to this resolution (see page 5).

Resolution 11 - Approval of Employee Incentive Plan Buy-Back of Shares

That, pursuant to and in accordance with section 257D of the Corporations Act and for all other purposes, Shareholders approve the buy-back by the Company of 913,750 Shares from the Former Employees under the Employee Incentive Plan on the terms of the Buy-Back Agreement.

Voting restrictions apply to this resolution (see page 5).

Other Business

To transact any other business that may be properly brought before the AGM in accordance with the Company's Constitution or the law.

By order of the Board



Mark Connelly
Chairman

22 October 2020

Additional information for shareholders

Explanatory notes

The items of business should be read in conjunction with the explanatory notes on pages 7 to 21. The explanatory notes form part of this Notice.

Shareholder questions

Before the meeting

If you are entitled to vote at the meeting, you may submit written questions relevant to the business of the meeting in advance. Questions may also be submitted for the external auditor about the auditor's report or the conduct of the audit.

Questions may be lodged as part of the online proxy process. Alternatively you may send written questions to Primero's share registry at the address set out on the proxy form or email your questions to meetings@automicgroup.com.au.

Please ensure that your written questions are received no later than 5.00pm (Perth time) on 18 November 2020.

During the meeting

At the meeting, Shareholders and proxyholders will be provided with a reasonable opportunity to ask questions about or make comments on the business of the meeting, or on the management of Primero.

Primero's auditor will attend the meeting and there will also be an opportunity for Shareholders to ask questions that are relevant to the audit.

You may submit your questions and comments during the meeting via the Primero's teleconference facility.

The Chairman will endeavour to respond to relevant questions during the course of the meeting. Please note that it may not be possible to respond to all questions.

Voting Exclusions/Prohibition

Resolution 1 – Adoption of the remuneration report

Voting Prohibition: A vote on resolution 1 must not be cast (in any capacity):

- a) by or on behalf of a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such member, regardless of the capacity in which the vote is cast; or
- b) 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, votes will not be disregarded if they are cast as a proxy for a person entitled to vote on resolution 1 in accordance with a direction as to how to vote on the proxy.

The restriction on voting undirected proxies does not apply to the Chair of the Meeting acting as proxy for a person entitled to vote on resolution 1 because Primero's proxy appointment expressly authorises the Chair of the Meeting to exercise undirected proxies.

Resolution 5 - Approval of Employee Incentive Plan

Primero will disregard any votes cast in favour of Resolution 5 cast by or on behalf of any person who is eligible to participate in the Employee Incentive Plan or an associate of that person.

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

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

Resolutions 6, 7, 8 and 9 - Issue of Plan Options to Directors

Voting Exclusion: Primero will disregard any votes cast in favour of resolutions 6, 7, 8 and 9 by or on behalf of Cameron Henry, Mark Connelly, Dean Ercegovic, Brett Grosvenor, Kristie Young or Bryn Hardcastle, or their associates .

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

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

Voting Prohibition: A vote on resolutions 6 to 9 must not be cast (in any capacity):

- a) by or on behalf of a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such member, regardless of the capacity in which the vote is cast; or
- b) 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, votes will not be disregarded if they are cast as a proxy for a person entitled to vote on resolutions 6 to 9 (inclusive) in accordance with a direction as to how to vote on the proxy.

The restriction on voting undirected proxies does not apply to the Chair of the Meeting acting as proxy for a person entitled to vote on resolutions 6 to 9 (inclusive) because Primero's proxy appointment expressly authorises the Chair of the Meeting to exercise undirected proxies.

Resolution 10 - Approval of Additional 10% Placement Capacity Under ASX Listing Rule 7.1A

Primero will disregard any votes cast in favour of resolution 10 by any person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary shares in Primero).

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

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

Resolution 11 - Approval of Employee Incentive Plan Buy-Back of Shares

Primero will disregard any votes cast in favour of resolution 11 by or on behalf of the Former Employees or an associate of the Former Employees.

Notes relating to voting restrictions

The voting restrictions for resolutions 1, 6, 7, 8, and 9 mean that if you appoint a Key Management Personnel (such as a director) as your proxy, it is important that you direct them on how to vote by ticking one of the 'For', 'Against' or 'Abstain' boxes on your proxy form in respect of each resolution. This is because, in certain circumstances, a Key Management Personnel is prohibited from voting undirected proxies on resolutions 1, 6, 7, 8 and 9.

If the Chairman of the meeting is your proxy or is appointed as your proxy by default, and you do not direct your proxy to vote 'For', 'Against' or 'Abstain' on resolutions 1, 6, 7, 8 and 9, unless you expressly authorise the Chairman to exercise the proxy even though those resolutions are connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

How to vote

Voting entitlement

For the purpose of voting at the meeting, the directors have determined that Shareholders will be taken to be those persons who are registered as holding shares in Primero at 5.00pm (Perth time) on **Monday, 23 November 2020**.

Voting Procedure

All resolutions at the meeting will be determined by way of a poll.

Under Primero's Constitution, any poll will be conducted as directed by the Chairman of the meeting.

Shareholders can vote in one of two ways:

- by attending the meeting and voting; or
- by appointing a proxy to attend and vote on their behalf.

Voting by proxy

A Shareholder entitled to attend and vote at the meeting is entitled to appoint a proxy or attorney to attend and vote on behalf of the Shareholder. A proxy or attorney need not be a Shareholder of Primero and may be an individual or a body corporate (and a body corporate so appointed may then appoint an individual to exercise its powers at the meeting).

A Shareholder who is entitled to cast two or more votes may appoint two proxies or attorneys and may specify the proportion or number of votes that each proxy or attorney may exercise. If no proportion or number is specified, each proxy or attorney may exercise half of the Shareholder's votes. If you wish to appoint two proxies, please follow the instructions on the proxy form.

Shareholders can direct their proxy how to vote. If a Shareholder appoints the Chairman of the meeting as proxy and does not direct the Chairman how to vote, then the Chairman (unless restricted from voting on the resolution) will vote FOR each resolution.

A Proxy Form is attached to this notice of meeting.

How to vote by proxy

Shareholders should consider directing their proxy as to how to vote on each resolution by marking either the 'For', 'Against' or 'Abstain' box when completing their proxy form.

Under the Corporations Act, if the appointment of a proxy specifies the way the proxy is to vote on a particular resolution, and:

- if the proxy is not the Chairman of the meeting, the proxy need not vote on a poll but if the proxy does so, the proxy must vote as directed (subject to any applicable voting restrictions);
- if the proxy is the Chairman of the meeting, the proxy must vote on a poll and must vote as directed.

In addition, there are some circumstances where the Chairman of the meeting will be taken to have been appointed as a Shareholder's proxy for the purposes of voting on a particular resolution even if the Shareholder has not expressly appointed the Chairman of the meeting as their proxy.

This will be the case where:

- the appointment of the proxy specifies the way the proxy is to vote on a particular resolution; and
- the appointed proxy is not the Chairman of the meeting; and
- a poll is called on the resolution; and

either of the following applies:

- the proxy is not recorded as attending the AGM; or
- the proxy attends the AGM but does not vote on the resolution.

Undirected proxy votes

Any proxy given to:

- a member of the Company's Key Management Personnel (i.e. directors and other executives), other than the Chairman of the meeting; or
- their closely related parties (including a spouse, dependent or other close family members, as well as any companies they control) (Closely Related Parties), for resolutions 1, 6, 7, 8 and 9 will not be counted unless Shareholders specify how the proxy is to vote.

Any undirected proxy given to the Chairman of the meeting for resolutions 1, 6, 7, 8 and 9 by a Shareholder entitled to vote on resolutions 1, 6, 7, 8 and 9 will be voted by the Chairman of the meeting in favour of the resolution, in accordance with the express authorisation on the Proxy Form. The Chair intends to vote all valid undirected proxies FOR all other resolutions in favour of those resolutions.

Lodging your Proxy Form

To be valid, Proxy Forms must be lodged electronically or be received by Primero's share registry, Automic Group Pty Limited ("Automic"), no later than 1:00pm (Perth time) on Monday, 23 November 2020 ("Proxy Deadline").

Proxy Forms may be submitted:

- **online:** at <https://investor.automic.com.au/#/loginsah>
To use this facility, please follow the link in your email inviting you to the AGM, or the instructions on your proxy form;
- **in person:** Automic, Level 5, 126 Phillip Street Sydney, NSW.
- **by post:** GPO BOX 5193 Sydney NSW 2001. Please allow sufficient time for the form to reach Automic by the Proxy Deadline; or
- **by email:** meetings@automicgroup.com.au

Enquiries

If you have any questions related to this Notice or your Proxy Form please contact the Company's Share Registry, Automic:

- **by telephone:** 1300 288 864 (within Australia) and +612 9698 5414 (overseas)
- **by webchat:** <https://automic.com.au>
- **by email:** meetings@automicgroup.com.au

Corporate representatives

A corporate shareholder wishing to appoint a person to act as its representative at the meeting may do so by providing that person with:

- a properly executed letter, certificate, form, or other document, such as an 'Appointment of Corporate Representative' confirming that they are authorised to act as the corporate shareholder's representative. A form may be obtained from Automic; or
- a copy of the resolution appointing the representative, certified by a director or secretary of the corporate shareholder. A copy of the signed document must be produced prior to commencement of the meeting by post to the address shown in the 'Lodging your proxy form' section, unless the document has been previously lodged with Automic.

Power of attorney

If a Shareholder has appointed an attorney to attend and vote at the meeting, or if the proxy form is signed by an attorney, the power of attorney (or a certified copy) must be received by Automic by the Proxy Deadline, unless the document has been previously lodged with Automic. Powers of attorney may be submitted by post to the address shown in the 'Lodging your proxy form' section.

Explanatory notes

This Explanatory note has been prepared for Shareholders to outline information concerning the resolutions, and to assist Shareholders to assess the merits of approving the resolutions contained in the Notice.

The Directors recommend that Shareholders read this Explanatory note in full before making any decision in relation to the resolutions.

Receipt of financial statements and reports

Primero's financial statements and reports for the year ended 30 June 2020 are set out in its 2020 Annual Financial Report.

The 2020 Annual Financial Report is available at <https://www.primero.com.au>

The Corporations Act requires that the Financial Report, Directors' Report, and Auditor's Report of Primero and the consolidated entity be placed before the meeting. There is no requirement for Shareholders to vote on these reports.

Shareholders will be given a reasonable opportunity at the meeting to ask questions about and make comments on the financial statements and reports and on the management of Primero. During discussion on this item, the external auditor will be present and will answer any relevant questions.

Resolution 1 – Adoption of the Remuneration Report

Primero's remuneration report for the year ended 30 June 2020 is set out on pages 16 to 25 of its 2020 Annual Financial Report.

The remuneration report contains information about the remuneration policy of Primero and the remuneration of non-executive directors, executive directors and other Key Management Personnel for the financial year ended 30 June 2020.

At the meeting, the Chairman will give Shareholders a reasonable opportunity to ask questions about and make comments on the remuneration report.

The vote on this resolution is advisory only and does not bind Primero or its directors. However, the Board will actively consider the outcome of the vote and comments made by Shareholders on the remuneration report at the meeting when reviewing Primero's future remuneration policies and practices.

Primero's remuneration report for the previous financial year received over 99% of votes "For" at the 2019 AGM.

Board Recommendation – The Board recommends that Shareholders vote FOR this resolution.

Resolution 2 – Re-election of Mark Connelly as a director

Mark Connelly retires in accordance with article 6.14 of Primero's Constitution and, being eligible, offers himself for re-election.



Mark Connelly
Chairman, Independent
Non- Executive Director
B.Bus, MAICD
Age: 57

Mark was appointed a director and Chairman of the Board on 21 May 2018. He is a member of the Risk & Audit Committee and the Remuneration & Nomination Committee.

Mark has extensive experience in the mining industry, with strong commercial, business and leadership skills.

Mark has held senior executive positions with Newmont Mining Corporation and Inmet Mining Corporation. He has extensive experience in financing, development, construction, and operation of mining projects in a variety of commodities including gold, base metals and other resources in West Africa, Australia, North America, and Europe.

Mark is currently non-executive Chairman of Oklo Resources Limited, Tao Commodities Limited, Calidus Resources Limited, and Chesser Resources Limited. He is also non-executive Chairman on Emmerson PLC and BeMetals Corp.

Board Recommendation – The Board considers Mark Connelly to be an independent director. On the basis of Mark Connelly's skills, qualifications and experience, and his contributions to the Board's activities, the Board (other than Mark Connelly) unanimously recommends that Shareholders vote FOR this resolution.

Resolution 3 – Election of Kristie Young as a director

Kristie Young retires in accordance with article 6.20 and 6.21 of Primero's Constitution and, being eligible, offers herself for election.



Kristie Young
Independent
Non- Executive Director
B.Eng (mining)(hon); DipEd (math & IT), AICD
Age: 46

Kristie was appointed a director on 19 August 2020. She is Chair of the Risk & Audit Committee.

Kristie has more than 20 years' experience across technical engineering, strategy, business development and marketing, commercial and client management, diversity and inclusion, governance, and human resources.

She has most recently held senior growth and business development executive roles with leading professional services firms, PwC and EY.

Kristie is a member of the Australian Institute of Company Directors, WA Mining Club, WA School of Mines Alumni, Women in Mining WA and the Petroleum Club of WA. She also sits on the Wesley College Board and the Board of the Petroleum Club of WA.

Kristie holds a Bachelor of Engineering (Mining) (Hons) from the University of Queensland, a Post Graduate Diploma of Education (Mathematics & IT) from the University of Western Australia.

Board Recommendation – The Board considers Kristie Young to be an independent director. On the basis of Kristie Young's skills, qualifications and experience, and her contributions to the Board's activities, the Board (other than Kristie Young) unanimously recommends that Shareholders vote FOR this resolution.

Resolution 4 – Election of Bryn Hardcastle as a director

Bryn Hardcastle retires in accordance with article 6.20 and 6.21 of Primero's Constitution and, being eligible, offers himself for election.



Bryn Hardcastle
Independent
Non- Executive Director
LLB, B.Com, MAICD
Age: 47

Bryn was appointed a director on 19 August 2020. He is a Chair of the Remuneration & Nomination Committee and a member of the Risk & Audit Committee.

Bryn is a Partner at national law firm, HWL Ebsworth. He specialises in corporate, commercial and securities law and has significant experience in equity capital markets, mergers and acquisitions, and general corporate advisory matters across various industries.

Bryn was previously Managing Partner at Bellanhouse, a boutique corporate law, which merged with HWL Ebsworth in November 2019. Previously he has worked at several major law firms in Australia and internationally, including Freehills in Melbourne and Allen & Overy in London and Dubai. Bryn is a member of the AICD and the Law Society of Western Australia.

Bryn is currently a non-executive director of New Century Resources Limited, Caprice Resources Limited, and Flamingo AI Limited.

Board Recommendation – The Board considers Bryn Hardcastle to be an independent director. On the basis of Bryn Hardcastle's skills, qualifications and experience, and his contributions to the Board's activities, the Board (other than Bryn Hardcastle) unanimously recommends that Shareholders vote FOR this resolution.

Resolution 5 – Approval of Employee Incentive Plan

Background

Under Listing Rule 7.2 (Exception 13(b)), issues of securities under an employee incentive scheme do not count towards an entities 15% capacity to issue new share capital in a 12 month period without Shareholder approval. Shareholders' approval of an employee incentive scheme is required every three years or if there is a material change to the terms of an approved employee incentive scheme.

Primero's Employee Incentive Plan was last approved for the purpose of ASX Listing Rules at the time of Primero's listing on the ASX on 6 July 2018.

If Shareholders approve resolution 6 then, in accordance with Listing Rule 7.2, (Exception 13(b)) the grant of new Primero securities under the Employee Incentive Plan will be exempt from the calculation of the 15% annual limit on the issue of new Primero securities without prior Shareholder approval, for a period of 3 years from the date of the passing of resolution 6.

Summary of the terms of the Employee Incentive Plan

A summary of the key terms of Primero's Employee Incentive Plan are set out in **Schedule 1**.

A full copy of the Employee Incentive Plan is available at Primero's registered office.

Maximum number of securities that can be issued under the plan

The maximum number of securities that can be issued under the Employee Incentive Plan within the 3 year period following approval of resolution 5 is 25,753,097 securities, representing 15% of the number of Shares in Primero as at 14 October 2020.

Securities previously issued under the plan

At the date of this notice a total of 5,650,000 Shares and 6,652,859 Plan Options have been issued under the Employee Incentive Plan, since Primero was listed on the ASX on 6 July 2018. A total of 530,000 Shares and nil Plan Options have expired or been cancelled.

What will happen if the resolution is, or is not approved?

If Shareholders approval is not granted under this resolution, the Employee Incentive Plan at the time of Primero's listing will remain in full force and effect until 6 July 2021. After this date, any grant of Primero securities would need to be issued under Primero's placement capacity under ASX listing rule 7.1 and therefore would count towards the 15% placement limit.

Furthermore, if Shareholders approval is not granted under this resolution, the Board may need to consider alternative remuneration arrangements for executives and other eligible employees, which are consistent with Primero's remuneration policy, including providing an equivalent cash payment, subject to the risk of forfeiture, performance conditions and performance period.

Board Recommendation – The Board (other than Executive Directors, Messrs. Henry, Ercegovic and Grosvenor, who decline to make a recommendation due to their interest in resolution 5) believe that the Employee Incentive Plan is in the best interests of the Company and unanimously recommends that Shareholders vote FOR this resolution.

The Chair intends to vote undirected proxies FOR the resolution.

Resolutions 6 to 9 (inclusive) Grant of Plan Options to Directors

Background

Resolutions 6 to 8 (inclusive) – Shareholder approval is being sought to grant Plan Options to Executive Directors, which constitutes their long-term incentive ("LTI") for the for the financial year ending 30 June 2021. The Plan Options are subject to performance hurdles over a 3 year period (1 July 2020 to 30 June 2023).

Primero uses the LTI program to reward executives for delivering performance results that lead long-term growth in Shareholder value.

The proposed grant of Plan Options to Executive Directors (or their nominee) will be made under the terms of Primero's Employee Incentive Plan follows:

	Number of Plan Options
Executive Director	LTI program (FY21 to FY23)
Cameron Henry	1,428,054
Dean Ercegovic	601,952
Brett Grosvenor	601,952
Total	2,631,958

Details on the key terms and conditions of the Employee Incentive Plan are set in Schedule 1.

Details on the LTI program and the relevant performance hurdles applicable to the proposed grant of Plan Options are set out below.

Resolution 9 – Shareholder approval is being sought to grant 74,963 Plan Options to Non-Executive Director, Mark Connelly, which form part of Mark's annual fixed director fees.

Details on proposed grant and the relevant vesting condition are set on page 10 below.

Long-Term Incentive Program

The LTI program is designed to recognise the creation of value for Shareholders and is linked to a mix of market and non-market performance objectives. This value creation will be measured over a 3 year period.

At the end of the 3 year performance period, the Board (excluding the Executive Directors) will assess performance against the LTI performance hurdles.

Primero has determined that the total LTI at-risk variable remuneration that it will offer to each participant is a percentage of their base salary. The LTI at-risk variable remuneration opportunity available to Executive Directors is as follows:

Executive Director	LTI Opportunity (FY21 to FY23)
Cameron Henry	100% of base salary for 'target'
Dean Ercegovic and Brett Grosvenor	50% of base salary for 'target'

Notes: the LTI opportunity is based on achievement of 'target' performance hurdles over the 3 years period.

Performance hurdles

The Board has determined that the LTI performance hurdles for 3 year period will have the following weighting:

FY21 to FY23 LTI Performance Hurdles	Weighting
EBIT for FY23 (i)	50%
Share Price (ii)	50%

- (i) **EBIT for FY23** performance hurdle will be set by the Board having regard to Primero's overall strategy and long-term objectives.
- (ii) The **Share Price** performance hurdle will be the 14 day VWAP of Shares up to and including the date that is 3 years from the grant date is at least 43% higher

than the 14 day VWAP of Shares up to and including the date of grant.

The LTI program consists of the following components:

- zero exercise price Options (“LTI ZEPOs”); and
- premium exercise price Options (“PEPOs”).

Where Executive Directors, Cameron Henry and Dean Ercegovic each hold more than a 10% interest in the share capital (on a fully diluted basis) of Primero, prior to the date of issue of LTI ZEPO’s they may elect to be paid cash in lieu of any LTI ZEPOs, which would have vested. In this case, no LTI ZEPOs (as contemplated by resolutions 6 and 7) would be issued and they would become eligible to receive, on the date that is 3 years from the date the LTI ZEPOs would have been granted, a cash payment (less applicable taxes) equal to the market value of any LTI ZEPO’s which would have vested, as determined by the Board.

As at the date of this notice, Cameron Henry and Dean Ercegovic hold more than 10% of Primero’s share capital on a fully diluted basis.

Maximum number of LTI ZEPOs and PEPOs to be issued under the Long-Term Incentive Program

If Shareholders approve resolutions 6 to 8 (inclusive), Primero will issue the maximum number of LTI ZEPOs and PEPOs to be granted to Executive Directors, Cameron Henry, Dean Ercegovic and Brett Grosvenor is as follows:

Executive Director	Value of LTI opportunity in LTI ZEPOs & PEPOs	Number of PEPOs	Number of LTI ZEPOs
Cameron Henry	\$395,000	714,027	714,027
Dean Ercegovic	\$166,500	300,976	300,976
Brett Grosvenor	\$166,500	-	601,952

The number of Plan Options (being issued as LTI ZEPOs and PEPOs) is based on \$0.2766 per Share, representing the 5 day VWAP after the release of Primero’s FY20 Results on 27 August 2020.

The LTI ZEPOs and PEPOs are only capable of vesting and being exercised into Shares if one or both LTI Performance Hurdles are achieved, and subject to the executive continuing to be employed by Primero (otherwise the LTI ZEPOs and PEPOs will lapse). *Example* - If only the share price performance hurdle is achieved, then only 50% of the number of Plan Options will vest and the other 50% related to FY23 EBIT performance hurdle will lapse.

The LTI ZEPOs have a zero exercise price and expire 4 years from the date of issue.

The PEPOs are exercisable at \$0.37 per share. In the event that the PEPO’s vest, Primero will contribute the exercise price as taxable income to the Executive Director.

The LTI ZEPOs and PEPOs are issued in accordance with the terms and conditions of the Employee Incentive Plan as set out in Schedule 1 paragraphs (c) and (e) to (j).

LTI ZEPOs and PEPOs carry no entitlements to Shares or dividends or other benefits unless and until they vest, and Shares are either issued or transferred to the participant.

The LTI ZEPOs and PEPOs will be awarded shortly after Shareholder approval at the AGM and in any event no later than 12 months from the date of the AGM.

Grant of Plan Options to Non-Executive Director, Mark Connelly – FY21 Director Fee (resolution 9)

As part the annual remuneration arrangements, each Non- Executive Director is entitled to an annual grant of Plan Options, subject to Shareholder approval.

The terms and conditions of the Plan Options to be issued to Non-Executive Directors are different to those issued to the Executive Directors. This is to ensure their objectivity in monitoring the performance of executives on behalf of Shareholders.

The Board has determined that the number of Plan Options, and the terms and conditions of the Plan Options to be granted and issued to Mark Connelly (or his nominee), subject to Shareholder approval, will be as follows:

Non-Executive Director	Value	Number of Plan Options
Mark Connelly	\$20,000	74,963

The number of Plan Options is determined based on the VWAP of Primero ordinary shares for the five (5) trading days prior 1 July 2020 (being \$0.2668 per share).

The Plan Options are zero exercise price options, which will vest after 1 year of continuous service. The Plan Options are deemed to be automatically exercised into Shares on vesting.

The Plan Options are issued in accordance with the terms and conditions of the Employee Incentive Plan as set out in Schedule 1 paragraphs (c) and (e) to (j).

The Plan Options will be awarded shortly after Shareholder approval at the AGM and in any event no later than 12 months from the date of the AGM.

Listing Rule 10.14

In accordance with Listing Rule 10.14, Primero must not permit a Director and any of his or her associates to acquire securities under an employee incentive scheme without Shareholder approval.

Pursuant to Listing Rule 7.2, exception 14, as Shareholder approval is sought under Listing Rule 10.14, approval under Listing Rule 7.1 is not required.

If resolutions 6 to 9 (inclusive) are approved, the grant of Plan Options (being ZEPOs and/or PEPOs) to Cameron Henry, Dean Ercegovic, Brett Grosvenor and Mark Connelly will not be included in calculating Primero's capacity to issue equity securities equivalent to 15% of Primero's ordinary securities, under Listing Rule 7.1.

Chapter 2D of the Corporations Act

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

Under the terms of the Employee Incentive Plan, the Board has several discretions that it may exercise in connection with a participant ceasing employment or office with the Company, including:

- a) to prevent vested or unvested Plan Options, which may automatically lapse in some circumstances, from lapsing; and
- b) to allow a participant to exercise vested Plan Options, which the participant may not otherwise be able to exercise in some circumstances.

The Board has formed the view that if this occurs, the affected Plan Options may constitute a benefit given in connection with Messrs Henry, Ercegovic or Grosvenor's retirement from office for the purposes of section 200B of the Corporations Act.

Primero is therefore seeking Shareholder approval in accordance with section 200E of the Corporations Act in connection with any potential exercise of the Board's discretion in relation to the Plan Options.

The value of the Plan Options granted under resolutions 6 to 8 (inclusive), and therefore the total value of the termination benefit (assuming the Board exercises its discretion to allow Messrs Henry, Ercegovic and Grosvenor to retain their Plan Options) is set out at section (j) below.

Chapter 2E of the Corporations Act

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

Messrs Henry, Ercegovic, Grosvenor and Connelly are Directors and therefore are related parties of the Company. The grant and issue of the Plan Options to Messrs Henry, Ercegovic, Grosvenor and Connelly (or their nominee(s)) constitutes giving a financial benefit for the purposes of 208 of the Corporations Act.

Specific information required by Listing Rule 10.15 and 200E of the Corporations Act

Information must be provided to Shareholders for the purposes of obtaining Shareholder approval as follows:

- a) the Plan Options subject of resolutions 6 to 9 (inclusive) will be granted to Messrs Henry, Ercegovic, Grosvenor and Connelly (and/or their nominee(s)).
- b) the maximum number of Plan Options to be granted to Messrs Henry, Ercegovic, Grosvenor and Connelly (and/or their nominee(s)) is as follows:

Director	Number of Plan Options to be granted (ZEPOs and/or PEPOs)
Cameron Henry	1,428,054
Dean Ercegovic	601,952
Brett Grosvenor	601,952
Mark Connelly	74,963
Total	2,706,921

- c) Primero will grant the Plan Options no later than 12 months after the date of the Meeting or such longer period as ASX allows.
- a) Pursuant to the rules of the Employee Incentive Plan, of the persons referred to in Listing Rule 10.14, Messrs Henry, Ercegovic, Grosvenor, and Connelly as Directors are eligible to participate in the Employee Incentive Plan. Any additional persons covered by Listing Rule 10.14 who become entitled to participate in an issue under the Employee Incentive Plan after the resolution is approved and who were not named in the Notice will not participate until approval is obtained under that rule.

- d) The exercise price of the Plan Options depends if they are issued as ZEPOs or PEPOs. The Plan Options granted as ZEPOs will have a nil exercise price. The Plan Options granted as PEPOs will have an exercise price of \$0.37 (based on the 14 day VWAP of Shares from 27 August 2020, plus 43% rounded to nearest cent).
- e) No funds will be raised by the grant of the Plan Options as they are being granted for nil cash consideration, as part of each Director's remuneration package.
- f) Since the adoption of the Employee Incentive Plan, the following securities have been issued to the Directors under the Employee Incentive Plan:
- Cameron Henry, who was granted 475,000 Plan Options in the 2019 Financial Year and 519,737 Plan Options in the 2020 Financial Year;
 - Dean Ercegovic, who was granted 200,000 Plan Options in the 2019 Financial Year and 219,079 Plan Options in respect of the 2020 Financial Year;
 - Brett Grosvenor, who was granted 400,000 Plan Options in the 2019 Financial Year and 438,158 Plan Options in the 2020 Financial Year;
 - Mark Connelly, who was granted 50,000 Plan Options in the 2019 Financial Year and 52,632 Plan Options in the 2020 Financial Year;
- g) Details of the current FY21 remuneration package of each Executive Director and Non-Executive Director is as follows:

Director	Base Salary or Fee	Super	STI ¹ (stretch)	LTI ² (target)
Cameron Henry	\$395,000	\$37,525	\$197,500	\$395,000
Dean Ercegovic	\$333,000	\$31,635	\$99,900	\$166,500
Brett Grosvenor	\$333,000	\$31,635	\$99,900	\$166,500
Mark Connelly ³	\$75,000	\$7,125	-	-

Notes:

- STI is payable in cash with 50% paid 1 year after award and the balance paid (at the Executive Director's election) 2 years after award in either cash or Shares.
- LTI being the Plan Options the subject of resolutions 6 to 8 (inclusive).
- Mark's annual director fee is \$75,000 plus super, plus an annual grant of Plan Options to the value of \$20,000 (as per resolution 9) for his position as Chairman of the Board. The base fee for other Non-Executive Directors is \$40,000 plus super, and an annual grant of Plan Options to the value of \$15,000.

- h) The Directors, excluding Messrs. Henry, Ercegovic and Grosvenor with respect to the resolutions relating to approval for the issue of their own Plan Options (in respect of which Messrs. Henry, Ercegovic and Grosvenor make no recommendation), are unanimously in favour of the grant of the Plan Options under resolutions 6 to 8 (inclusive). The current security holdings of Messrs. Henry, Ercegovic and Grosvenor (including securities held indirectly) are as follows:

Director	Number of Shares Held	Number of Plan Options Held
Cameron Henry	23,869,872	994,737
Dean Ercegovic	18,687,060	419,079
Brett Grosvenor	9,135,177	400,000
Mark Connelly	125,000	52,632

- A voting exclusion statement is included above under the heading "Voting Exclusions".
- The Board has received independent advice from DFK Gooding Partners on the value of the Plan Options the subject of resolutions 6 to 8 (inclusive), to be issued to Executive Directors and determined based on the assumptions set out below, the technical value of the Plan Options are as follows:

Director	Value per LTI ZEPO	Value per LTI PEPO	Total Value
Cameron Henry	\$0.238	\$0.119	\$254,908
Dean Ercegovic	\$0.238	\$0.119	\$107,448
Brett Grosvenor	\$0.238	NA	\$143,265

Notes: LTI ZEPOs and PEPOs are based on 50% Monte Carlo Hybrid.

This valuation imputes a total value of \$505,621 to the Plan Options under resolutions 6 to 8 (inclusive). The value may go up or down after the date of valuation as it will depend on the future price of a Share.

The Binomial and Monte Carlo Hybrid models have been used to value the Plan Options the subject of resolutions 6 to 8 (inclusive), with the following assumptions:

- the risk-free rate of 0.24% is the Reserve Bank of Australia's 3-year bond rate;
- the underlying security spot price of \$0.29 used for the purposes of this valuation is based on the share price of Primero on the date of the report;

- iii. the estimated volatility used in the valuation is 65.5%;
- iv. for the purposes of the valuation, no future dividend payments have been forecast; and
- v. for the purposes of the valuation, it is assumed that the Plan Options the subject of resolutions 6 to 8 (inclusive) will be issued on the date of the valuation, 16 September 2020, and:
 - LTI PEPOS vest in 3 years and 4 year expiry; and
 - LTI ZEPOS vest in 3 years and 4 year expiry.

k) The Board has received independent advice from DFK Gooding Partners that the value of the Plan Options the subject of resolution 9 is the current market value of Primero Shares.

For the purposes of the valuation it is assumed that the Plan Options, the subject of resolution 9, will be the market price of \$0.29, as at the date of the valuation on 16 September 2020. The value of the Plan Options is as follows:

Director	Number of Plan Options	Value Per Plan Option	Total Value
Mark Connelly	74,963	\$0.29	\$21,738

The value may go up or down after the date of valuation as it will depend on the future price of a Share.

- l) Under the accounting standard AASB 2 – Share Based Payments, Primero will recognise an expense in the income statement based on the fair value of the Plan Options the subject of resolutions 6 to 8 (inclusive) over the period from the date of issue to the vesting date. The total of the fair value of the maximum number of Plan Options issued under resolutions 6 to 8 (inclusive) is \$505,621 at the date of the Notice and for resolution 9 is \$21,739 at the date of the Notice.
- m) The market price of Shares would normally determine whether or not Messrs. Henry, Ercegovic and Grosvenor will exercise any Plan Options that have been awarded as PEPOs. If the PEPOs are exercised at a price that is lower than the price at which Shares are trading on ASX, there may be a perceived cost to Primero.

n) Historical quoted price information for Primero's listed securities for the last twelve months is as follows:

Share Price	Price	Date
Highest	\$0.42	17 October 2019
Lowest	\$0.10	24 March 2020
Last	\$0.38	14 October 2020

- o) The exercise of the Plan Options the subject of resolutions 6 to 8 (inclusive) will result in a dilution of all Shareholders' holdings in Primero of:
 - 1.53% based on issued Shares as at the date of the Notice (excluding the Plan Options the subject of resolution 9);
 - 1.48% on a fully diluted basis (excluding the Plan Options the subject of resolution 9);
 - 1.53% based on issued Shares as at the date of the Notice (including the Plan Options the subject of resolution 9); and
 - 1.48% on a fully diluted basis (including the Plan Options the subject of resolution 9).
- p) The exercise of the Plan Options the subject of resolution 9 will result in a dilution of all Shareholders' holdings in Primero as follows:
 - 0.04% based on issued Shares as at the date of the Notice (excluding the Plan Options the subject of resolutions 6 to 8 (inclusive));
 - 0.04% on a fully diluted basis (excluding the Plan Options the subject of resolutions 6 to 8 (inclusive));
 - 0.06% based on issued Shares as at the date of the Notice (including the Plan Options the subject of resolutions 6 to 8 (inclusive)); and
 - 0.06% on a fully diluted basis (including the Plan Options the subject of resolutions 6 to 8 (inclusive)).
- q) Details of any securities issued under the Employee Incentive Plan will be published in the Annual Financial Report of Primero relating to the period in which they were issued, along with a statement that approval for the issue was obtained under Listing Rule 10.14.
- r) Other than the information above and otherwise set out in the Notice, Primero believes that there is no other information that would be reasonably required by Shareholders to pass resolutions 6 to 9 (inclusive).

What will happen if resolutions 6 to 9 are not approved?

If resolutions 6 to 8 are not approved by Shareholders, the proposed grant of Plan Options to Executive Directors will not proceed. This may impact Primero's ability to incentivise the Managing Director and CEO and other Executive Directors, to align their interests with those of shareholders and to align remuneration arrangements to industry peers. In these circumstances, the Board will need to consider alternative remuneration arrangements such as cash payments.

If resolution 9 is not approved by Shareholders, the proposed grant of Plan Options to Non-Executive Director, Mark Connelly will not proceed. In these circumstances Primero would need to pay Mark Connelly an amount of \$20,000 in additional Director Fees, being the value of the Plan Options.

Board Recommendation - The Board (other than each of Executive Directors, Messrs. Henry, Ercegovic, Grosvenor and Connelly in respect of resolutions for the issue of their own Plan Options) believe that the remuneration arrangements, including the proposed grant of Plan Options, to be appropriate in all the circumstances and recommends that Shareholders vote FOR resolutions 6 to 9 (inclusive).

The Chair intends to vote undirected proxies FOR each resolution 6 to 9 (inclusive).

Resolution 10 – Approval of Additional 10% Placement Capacity Under ASX Listing Rule 7.1A

Background

ASX Listing Rule 7.1A provides that an Eligible Entity may seek Shareholder approval to allow it to issue Equity Securities up to 10% of its issued capital over a period up to 12 months after the entity's annual general meeting ("10% Placement Capacity"). Primero is an Eligible Entity as it is not included in the S&P ASX 300 index and has a market capitalisation less than \$300 million.

Resolution 10 is a special resolution and therefore requires at least 75% of 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 approve the resolution.

What happens if the resolution is approved or not approved?

If Shareholders approve resolution 10, the number of Equity Securities Primero may issue under the 10% Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2. The effect of resolution 10 will be to allow the Directors to issue Equity Securities up to 10% of Primero's fully paid ordinary securities on issue under the 10% Placement Capacity during the period up to 12 months after the Meeting, without subsequent Shareholder approval and without using Primero's 15% annual placement capacity granted under Listing Rule 7.1

If shareholders do not approve the resolution, Primero will not be able to access the additional 10% capacity to issue equity securities without shareholder approval provided for in Listing Rule 7.1 and will remain subject to the 15% limit on issuing equity securities without shareholder approval set out in Listing Rule 7.1.

The proposed allottees of any Equity Securities under the 10% Placement Facility are not as yet known or identified. In these circumstances, Shareholders must consider the proposal on the basis that they may or may not get a benefit and that it is possible that their holding will be diluted and there is no reason to exclude their votes.

Formula for ASX Listing Rule 7.1A

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

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

Where

A: is the number of shares on issue 12 months before the date of issue or agreement,

- plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;
- plus the number of partly paid shares that became fully paid in the 12 months;
- plus the number of fully paid shares issued in the 12 months with approval of holders of shares under Listing Rule 7.1 and 7.4. This does not include an issue of fully paid shares under the entity's 15% annual placement capacity without Shareholder approval;
- less the number of fully paid shares cancelled in the 12 months.

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

D: is 10%.

E: is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of issue or agreement to issue that are not issued with the approval of Shareholders under Listing Rule 7.1 or 7.4.

Specific information required by Listing Rule 7.3A

a) Period for Approval - Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A commences on the date of the annual general meeting at which the approval is obtained and expires on the first to occur to the following:

- the date that is 12 months after the date of the annual general meeting at which the approval is obtained;
- the time and date of Primero's next annual general meeting; or
- the time and date of the approval by Shareholders of ordinary securities of a transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking).

b) Minimum Issue Price - The issue price of Equity Securities issued under Listing Rule 7.1A must be not less than 75% of the volume weighted average market price ("VWAP") of Equity Securities in the same class calculated over the 15 trading days immediately before:

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

c) Use of Funds – Primero proposes to use the funds to bolster Primero's general working capital position, maintain a strong net cash position and to fund new awards and the strong pipeline of tenders.

d) Dilution - An issue of securities under Listing Rule 7.1A involves the risk of economic and voting dilution for existing ordinary security holders. The risks include:

- the market price for Equity Securities may be significantly lower on the issue date than on the date of the approval under Listing rule 7.1A; and

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

e) The below table shows examples of possible dilution of existing Shareholders, on the basis of the market price of \$0.38 per share on 14 October 2020 and the current number of fully-paid ordinary shares on issue of 171,687,315 as at the date of this Notice pursuant to the definition of variable "A" under ASX Listing Rule 7.1A;

Number of Shares on Issue (variable "A") ⁵	Dilution - Examples			
	Dilution ¹	Funds ²	Funds ³	Funds ⁴
171,687,315 (Current)	17,168,731	\$3,262,059	\$6,524,118	\$9,786,177
257,530,972 (50% increase)	25,753,097	\$4,893,088	\$9,786,177	\$14,679,265
343,374,630 (100% increase)	34,337,463	\$6,524,118	\$13,048,236	\$19,572,353

Notes: Assumptions used in the table above

1. Dilution - based on number of Shares issued (being 10% of the number of Shares at the time of issue)
2. Funds raised based on issue price of \$0.19 (50% decrease in current issue price)
3. Funds raised based on issue price of \$0.38 (Current issue price)
4. Funds raised based on issue price of \$0.57 (50% increase in current issue price)
5. The number of Shares on issue could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under Listing Rule 7.1. Equity Securities must be in the same class as an existing quoted class of Equity Securities of Primero, being fully paid ordinary shares.

f) Allocation Policy - The allottees of the Equity Securities to be issued under the 10% Placement Capacity have not yet been determined. However, the allottees of Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be related parties of Primero. Primero will determine the allottees at the time of the issue under the 10% Placement Capacity, having regard to the following factors:

- the purpose of the issue;
- alternative methods for raising funds available to Primero at that time, including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;
- the effect of the issue of the Equity Securities on the control of Primero;
- Primero's circumstances, including, but not limited to, its financial position and solvency;
- prevailing market conditions; and

- advice from corporate, financial and broking advisers (if applicable).
- g) Agreement to issue securities under ASX Listing Rule 7.1A in the 12 months preceding the meeting – Primero has not previously sought approval under ASX Listing Rule 7.1A and therefore has not had any agreements to issue securities under ASX Listing Rule 7.1A in the 12 months preceding this meeting.

Board Recommendation - The Board believe that having the ability to issue up to an additional 10% of new securities, under ASX Listing Rule 7.1A, is in the best interests of the Company and unanimously recommends that Shareholders vote FOR this resolution.

The Chair intends to vote undirected proxies FOR resolution 10.

Resolution 11 – Approval of Employee Incentive Plan Buy-Back of Shares

Background

Resolution 11 seeks approval for Primero to buy-back a total of 913,750 Shares from Former Employees (“Former Employee Shares”) as they have ceased employment Primero.

In accordance with section 257D of the Corporations Act, Primero seeks Shareholder approval to allow Primero flexibility to conduct the buy-back.

Resolution 11 is a special resolution and therefore requires at least 75% of 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 approve the resolution.

The Former Employees were former employees to Primero and were granted Shares under the Employee Incentive Plan subject to continued engagement with Primero. No Former Employee is a Director or Key Management Personnel of Primero.

The acquisition amounts for the Shares issued under the Employee Incentive Plan were funded by way of a loan from Primero to the relevant employees of the Company who were offered Shares under the Employee Incentive Plan for the purpose of enabling either the relevant employee directly, or the relevant employee's nominated entity, to acquire and hold Shares under the Employee Incentive Plan (“Loan”).

Pursuant to clause 23.1 of the Employee Incentive Plan, Primero may buy-back Shares issued pursuant to the Employee Incentive Plan if:

- a) the participant holding the Shares ceases employment or office where the offer conditions, performance criteria and/or vesting conditions attaching to the Shares have not been met by the time of cessation;
- b) where forfeiture (see clause 22 of the Plan) applies; or
- c) if the Board determines in its reasonable opinion that the applicable performance criteria and/or vesting conditions have not been met by the end of the expiry date.

Corporations Act requirements for the buy-back

A company may buy-back its own shares if:

- a) The buy-back does not materially prejudice the company's ability to pay its creditors; and
- b) The company follows the procedures in Division 2 of Part 2J.1 of the Corporations Act.

As there is no net cash outflow from Primero as a result of the proposed selective buy-backs, there will be no prejudice to Primero's ability to pay its creditors.

In accordance with section 257D of the Corporations Act, the terms of the buy-back agreements must be approved by special resolution passed at a general meeting of the company, with no votes being cast in favour of the resolution by any person whose shares are proposed to be bought back or by their associates or a resolution agreed to, at a general meeting, by all ordinary Shareholders.

Terms of the buy-back and buy-back agreements

Primero will in the 3 month period following the Meeting enter into a buy-back agreement with the relevant Former Employee (“Buy-Back Agreements”).

The terms of the Buy-Back Agreements are conditional on Shareholder approval of resolution 11. Subject to and after Shareholder approval of resolution 11, Primero intends to enter into and execute the Buy-Back Agreements for the relevant Former Employee Shares with the Former Employees.

The terms of the Buy-Back Agreement will provide that Primero will buy-back all of the Former Employee Shares for the amount equal to the portion of their Loan that relates to their Former Employee Shares, which will be applied directly against the balance of their Loan. As a result of the proposed buy-backs, there will be no net cash outflow from Primero and no cash proceeds will be paid to any of the Former Employees.

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Immediately after the registration of the transfer to Primero of the Former Employee Shares, the Former Employee Shares will be cancelled in accordance with the buy-back procedure under section 257H of the Corporations Act.

Primero will announce to ASX when Former Employee Shares are cancelled and when it has completed the buy-back.

Financial effect of the buy-back

As at the date of this Notice there are 171,687,315 Shares on issue.

Shareholder approval is being sought pursuant to resolution 11 to allow Primero to buy-back 913,750 Shares issued under the Plan, over the three month period following the Meeting.

The proposed buy-back of the Former Employee Shares will have no effect on Primero's cash reserves as there is no cash consideration payable by the Company.

If Primero buys-back all of the Former Employee Shares in the 3 month period following the Meeting and assuming Primero does not issue any new Shares in the 3 month period following the Meeting, the number of Shares on issue in Primero's issued capital will reduce by 913,750 Shares on issue.

The Directors are of the view that buy-back of the Former Employee Shares will not materially prejudice the Primero's ability to pay its creditors because the buy-back does not require Primero to pay cash which otherwise would reduce its cash reserves.

On completion of the buy-back, the contributed equity of Primero will remain unchanged as no amounts were received from Former Employees at the time of the grant of the Shares.

Effect of buy-back on capital structure

Primero has 171,687,315 Shares on issue. The Former Employee Shares to be bought back represent approximately 0.53% of Primero's issued capital. If the buy-backs are completed, Primero will have 170,773,565 Shares on issue. Accordingly, the buy-backs will not have an effect on the control of Primero.

Advantages and disadvantages of the buy-back

The advantage of the buy-backs is that the resulting cancellation of Shares will cause all Shareholders (excluding Former Employees) to own proportionately more of Primero's issued capital. This outcome will be achieved notwithstanding that there is no net cash outflow from Primero.

There are no known disadvantages for Primero or its Shareholders (other than the Former Employees) of the proposed buy-backs.

Current market price

To provide an indication of the recent market price of Primero's Shares, the closing price on 14 October 2020 was \$0.38. The highest and lowest market sale prices for Primero's Shares on the ASX during the previous 3 months were as follows:

Month	Low	High
July 2020	\$0.340	\$0.270
August 2020	\$0.305	\$0.255
September 2020	\$0.225	\$0.345

Board Recommendation - The Board unanimously recommend that Shareholders vote in favour of resolution 11 to approve the buy-back because they believe the advantages of the buy-back outweigh the disadvantages.

The Chair intends to vote undirected proxies FOR resolution 11.

Definitions

In the Notice and this Explanatory note:

\$ means Australian dollars.

AGM means annual general meeting.

Annual Financial Report means the Directors' Report, the Financial Report and the Auditor's Report in respect to the financial year ended 30 June 2020.

ASX means ASX Limited (ABN 98 008 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX Limited.

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

Board means the board of Directors of Primero.

Chairperson means the person appointed to chair the Meeting or any part of the Meeting.

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

Company or **Primero** means Primero Group Limited ACN 149 964 045.

Constitution means the constitution of the Company. Corporations Act means the Corporations Act 2001 (Cth).

Directors mean the directors of the Company.

EBIT means earnings before interest and tax.

Eligible Entity – not included in the S&P ASX 300 index and has a market capitalisation less than \$300 million.

Eligible Participant has the meaning given in Schedule 1.

Employee Incentive Plan means the employee incentive plan adopted by the Company as disclosed in its IPO prospectus and summarised in Schedule 1.

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

Former Employees means the following former employees of the Company: Brian Zlnay; Harry Nguyen; Kevin Murray; Pat Keleher; Adam Gryl; Brad Triston; Glen Van Dongen; Todd Hawkins; Bernard Gilbert; Caryn Burggraaff; Jess Gaspar; Ryan Slater; Welina Liu; Kiedock Kim; Todd Williams; Ada Cerasulo; Alison Hay; Allan Garbutt; Colette Kock; Debbie Erasmus; Kayne Ferrif; Nick Bonner; Olga Mazur; Paul Rabe; and Tara Edwards.

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

Listing Rules means the listing rules of ASX.

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

Notice means the notice of general meeting which this Explanatory Memorandum accompanies.

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

Plan Option means an Option to subscribe for a Share issued pursuant to the Employee Incentive Plan.

Proxy Form means the proxy form attached to the Notice.

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

Schedule means a schedule to the Notice.

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

Shareholder means a holder of a Share.

VWAP means the volume weighted average price of a Share as defined in the Listing Rules.

In the Notice and this Explanatory Memorandum, words importing the singular include the plural.

Schedule 1 - Terms and Conditions of Employee Incentive Plan & Plan Options

The Company has adopted the Employee Incentive Plan that has been designed to align employees' interest with those of its Shareholders. This is achieved by making offers of Employee Incentives to reward and retain certain employees, consultants and directors of the Company, and to attract future talent.

(a) Offers to Eligible Participants

To achieve the abovementioned objectives of rewarding, retaining and attracting employees, consultants and directors of the Company (subject to any requisite Shareholder approvals), the Employee Incentives granted under the Employee Incentive Plan may be subject to performance criteria and/or time-based exercise conditions as determined by the Board, in its sole and absolute discretion.

The Company may arrange for a trustee to subscribe for or purchase securities to be held on trust on behalf of present and future participants.

Under the Employee Incentive Plan, the Company may offer Plan Shares, Plan Options or Plan Performance Rights. The terms and conditions of each of these types of grant are outlined below.

(i) Offer

Written offers of Employee Incentives can be made by the Board, in its absolute discretion, to Eligible Participants (defined below). The terms and conditions of such offers will be detailed in the written offers made to Eligible Participants and the Employee Incentive Plan.

(ii) Eligibility

Under the Employee Incentive Plan, the following will be Eligible Participants:

(A) Directors, employees or other consultants to the Company, who are declared by the Board in its sole and absolute discretion to be eligible to receive grants of Plan Shares, Plan Options or Plan Performance Rights under the Employee Incentive Plan; or

(B) any other person who is declared by the Board in its sole and absolute discretion to be eligible to receive grants of Plan Shares, Plan Options or Plan Performance Rights under the Employee Incentive Plan.

(iii) Consideration

Eligible Participants will not be required to make any payment in consideration for the grant of an Employee Incentive under the Employee Incentive Plan, unless the Board otherwise determines.

Under the Employee Incentive Plan, the Board has the discretion to allow a Plan Optionholder to set-off the exercise price of Plan Options against the number of Plan Shares that the Plan Optionholder is entitled to receive upon exercise of the Plan Options, allowing the Plan Optionholder to receive Plan Shares to the value of the surplus after the exercise price has been set-off.

(iv) Maximum allocation

Under the Employee Incentive Plan, the Company may not make offers of Employee Incentives where the aggregate number of Plan Shares, Plan Options or Plan Performance Rights issued in the previous three years exceeds 15% of the total number of Shares of the Company on issue at that time. Such a limit is contained in the Employee Incentive Plan.

(v) Employee Loans

Where an Eligible Participant is issued Employee Incentives, the Board in its absolute discretion may choose to make an interest-free, limited recourse loan to the Eligible Participant for a part, or the whole, of the issue price relating to the Employee Incentives to be granted to that Eligible Participant.

(b) Terms of Shares

Shares issued under the Employee Incentive Plan will be issued on the same terms as the fully paid ordinary shares in the Company and may be subject to certain conditions made in connection with the offer (Offer Conditions). Shares subject to Offer Conditions will remain restricted securities until the Offer Conditions have been satisfied. If the participant ceases to be an Eligible Participant prior to satisfaction of the Offer Conditions, the Company has the right to buy-back the Shares. The Company may also buy-back the Shares where the participant has acted fraudulently or dishonestly or the Board determines that any Offer Conditions have not been met by the relevant expiry date.

(c) Terms of Plan Options

(i) Entitlement

Each Plan Option entitles the Plan Optionholder to subscribe for one Share upon payment of the Exercise Price.

(ii) Exercise Price and Expiry Date

The written offer made to each Eligible Participant will set out any exercise price (Exercise Price) and expiry date (Expiry Date) relevant to the Plan Option being issued.

(iii) Vesting Conditions and Exercise Period

The Board may issue Plan Options to Eligible Participants with vesting conditions (Vesting Conditions) attached to them. Such Vesting Conditions may include performance criteria or time-based exercise conditions.

Any Vesting Conditions attached to Plan Options will be detailed in the written offer made to each Eligible Participant.

(iv) Shares issued on exercise

Any shares issued to a Plan Optionholder upon the exercise of their Plan Option will rank equally with the other Shares of the Company. Such Shares will be issued as fully-paid and free of all encumbrances, liens and third party interests.

(v) Participation in new issues, voting rights and dividends

Plan Optionholders, while they hold Plan Options only, will not be entitled to vote, receive any dividends or participate in new issues of capital offered to Shareholders. Such rights and entitlements will only arise once the Plan Options have been exercised and the Plan Optionholder becomes a Shareholder.

(vi) Adjustment for rights issue

If the Company makes an issue of Shares pro rata to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) the Exercise Price of an Plan Option will be reduced according to the following formula (as contained in Listing Rule 6.22):

New exercise price = $O - E[P - (S + D)]$

$N + 1$

O = the old Exercise Price of the Plan Option.

E = the number of underlying Shares into which one Plan Option is exercisable.

P = average market price per Share weighted by reference to volume of the underlying Shares during the 5 trading days ending on the day before the ex- rights date or ex entitlements date.

S = the subscription price of a Share under the pro rata issue.

D = the dividend due but not yet paid on the existing underlying Shares (except those to be issued under the pro rata issue).

N = the number of Shares with rights or entitlements that must be held to receive a right to one new share.

(vii) 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):

(A) the number of Shares which must be issued on the exercise of a Plan Option will be increased by the number of Shares which the Plan Optionholder would have received if the Plan Optionholder had exercised the Plan Option before the record date for the bonus issue; and

(B) no change will be made to the Exercise Price on the Plan Options.

(viii) Adjustment for reorganisation

If the Company undertakes a reorganisation of its issued share capital, the rights of Plan Optionholders will be varied to comply the Listing Rules which apply to the reorganisation at that time.

(ix) Liquidity Event

In the event of a sale of all of the Shares or a sale of all or substantially all of the assets of the Company, the Board in its absolute discretion may waive any Vesting Condition attaching to any Plan Options on issue.

(d) Terms of Plan Performance Rights

(i) Entitlement

Each Plan Performance Right entitles the Plan Performance Right holder to be issued one Share upon the satisfaction of any relevant Performance Conditions (defined below) within the Performance Period.

(ii) Performance Conditions and Performance Period

The Plan Performance Rights will be subject to applicable performance conditions (Performance Conditions) which must be satisfied during the Performance Period, which is specified by the Board in the written offer made to an Eligible Participant.

(iii) Notice of Performance Conditions

The Board will notify an Eligible Participant whether they have satisfied the Performance Conditions at the end of the Performance Period.

(iv) Lapse of Plan Performance Rights

Unless otherwise determined by the Board, the Plan Performance Rights automatically lapse if:

(A) the Eligible Participant ceases to be an Eligible Participant;

(B) the Performance Conditions have not been satisfied within the Performance Period;

(C) if the Board determines in its reasonable opinion that the Performance Conditions have not been met and will not be able to be met within the Performance Period;

(D) where the Eligible Participant has, by any act or omission, brought the Company into disrepute;

(E) where the Eligible Participant notifies the Company that it has elected to surrender the Plan Performance Right; or

(F) the occurrence of any other circumstances specified in the written offer made to the Eligible Participant which may result in the lapsing of the Plan Performance Right.

(v) Shares issued on conversion of Plan Performance Rights

Any Shares issued upon the conversion of an Eligible Participant's Plan Performance Rights will rank equally with the other Shares of the Company. Such Shares will be issued as fully-paid and free of all encumbrances, liens and third party interests.

(vi) Participation in new issues, voting rights and dividends

Plan Performance Rights holders, while they hold Plan Performance Rights only, will not be entitled to vote, receive any dividends or participate in new issues of capital offered to Shareholders. Such rights and entitlements will only arise once the Plan Performance Rights have converted into Shares and the Plan Performance Rights holder becomes a Shareholder.

(vii) Board may add to or vary Plan Performance Rights

The Board may add to or vary any Eligible Participant's Plan Performance Rights, in a manner that increases the overall benefit to the Eligible Participant, if the Eligible Participant is promoted, receives an increase in remuneration, or if the Eligible Participant's professional circumstances change such that the Board considers the previous Plan Performance Rights to be no longer appropriate.

(viii) Adjustments for reorganisation

Subject to the Listing Rules, the number of Plan Performance Rights held by an Eligible Participant under the Employee Incentive Plan may, in the sole and absolute discretion of the Board, be determined to be such number as is appropriate and so that the Eligible Participant does not suffer any material detriment following any reorganisation of the share capital of the Company.

(e) Good Leaver

Where a participant who holds Employee Incentives becomes a Good Leaver, all vested Employee Incentives which have not been exercised will continue in force and remain exercisable for 90 days after the date the participant becomes a Good Leaver, unless the Board determines otherwise in its sole and absolute discretion, after which the Employee Incentives will lapse. A Good Leaver is a person who is not a Bad Leaver. A Bad Leaver includes a person who is dismissed from office for serious or persistent breach of their terms of employment, a Director who has become disqualified, or a person who has committed some other fraudulent, dishonest or negligent act.

(f) Change of Control

All granted Plan Performance Rights which have not yet vested or lapsed will automatically and immediately vest, and a Participant may exercise any or all of their Plan Options, regardless of whether the Vesting Conditions have been satisfied (provided that no Plan Option will be capable of exercise later than the Expiry Date), if any of the following change of control events occur:

(i) the Company announces Shareholders have at a Court convened meeting of Shareholders voted in favour, by the necessary majority, of a proposed scheme of arrangement (excluding a merger by way of scheme of arrangement for the purposes of a corporate restructure (including change of domicile, or any reconstruction, consolidation, sub-division, reduction or return) of the issued capital of the Company) and the Court, by order, approves the scheme of arrangement;

(ii) a takeover bid:

(A) is announced;

(B) has become unconditional; and

(C) the person making the takeover bid has a Relevant Interest in 50% or more of the issued Shares; or

(iii) any person acquires a Relevant Interest of 50.1% or more of the issued Shares by any other means.

(g) Non-Transferable and No Quotation

Plan Options and Plan Performance Rights are unquoted securities and may not be sold, transferred, assigned or novated except with the prior approval of the Board.

(h) Termination, Suspension or Amendment

The Board may terminate, suspend or amend the Employee Incentive Plan at any time subject to any resolution of the Company required by the Listing Rules.

(i) Disposal Restrictions on Shares

The Board may impose disposal restrictions on Shares issued under the Plan or acquired following the vesting of Plan Performance Rights or exercise of Plan Options as a condition of any offer. The Board may place a holding lock or similar arrangements on the Shares to give effect to the restrictions.

(j) Buy-back

The Company may buy-back Shares issued under the Employee Incentive Plan in certain circumstances in accordance with the rules of the Employee Incentive Plan.

PRIMERO

DESIGN | CONSTRUCT | OPERATE

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

Holder Number:

Your proxy voting instruction must be received by **1.00pm (Perth time) on Monday 23 November 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

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.

STEP 1 – APPOINT A PROXY

If you wish to appoint someone other than the Chair 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 Chair of the Meeting will be appointed as your proxy by default.

DEFAULT TO THE CHAIR OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chair of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chair 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.

STEP 2 - VOTES ON ITEMS OF BUSINESS

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

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

Joint holding: Where the holding is in more than one name, all 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>.

Lodging your Proxy Voting Form:

Online:

Use your computer or smartphone to appoint a proxy at <https://investor.automic.com.au/#/loginsah> or scan the QR code below using your smartphone

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



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