



**Barra Resources Limited  
ACN 093 396 859**

## **Notice of Annual General Meeting**

**The Annual General Meeting of the Company will be held on Wednesday, 18 November 2020 at 10.00am (WST) at the offices of Barra Resources Limited on the ground floor at 6 Thelma Street, West Perth, Western Australia.**

The Notice of Annual General Meeting should be read in its entirety. If Shareholders are in doubt as to how to vote, they should seek advice from their suitably qualified professional advisor prior to voting.

**Should you wish to discuss any matter, please do not hesitate to contact the Company Secretary by telephone on (08) 9481 3911.**

**Shareholders are urged to vote by lodging a proxy form online or as attached to this Notice.**

**Barra Resources Limited  
ACN 093 396 859 (Company)**

## **Notice of Annual General Meeting**

Notice is hereby given that the annual general meeting of Shareholders of Barra Resources Limited (**Company**) will be held on Wednesday, 18 November 2020 at 10.00am (WST) (**Meeting**) at the offices of the Company on the ground floor at 6 Thelma Street, West Perth, Western Australia.

The Explanatory Memorandum provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form form part of the Notice. Shareholders are strongly encouraged to vote by proxy due to COVID-19 recommendations.

The Directors have determined pursuant to regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders on Monday, 16 November 2020 at 10.00am (WST).

Terms and abbreviations used in the Notice are defined in Schedule 1.

### **Agenda**

#### **1 Annual Report**

To consider the Annual Report of the Company and its controlled entities for the financial year ended 30 June 2020, which includes the Financial Report, the Directors' Report and the Auditor's Report.

#### **2 Resolutions**

##### **Resolution 1 – Remuneration Report**

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

*'That the Remuneration Report be adopted by Shareholders on the terms and conditions in the Explanatory Memorandum.'*

##### **Resolution 2 – Re-election of Director – Mr Grant Mooney**

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

*'That Mr Grant Mooney, who retires by rotation in accordance with Article 9.3 of the Constitution, Listing Rule 14.4 and for all other purposes, retires and, being eligible and offering himself for re-election, is re-elected as a Director on the terms and conditions in the Explanatory Memorandum.'*

**Resolution 3 – Approval of 10% Placement Facility**

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

*'That, pursuant to and in accordance with Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities totalling up to 10% of the issued capital of the Company at the time of issue, calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions in the Explanatory Memorandum.'*

**Resolution 4 – Ratification of prior issue of Placement Shares**

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

*'That, pursuant to and in accordance with Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 78,092,361 Shares at \$0.019 per Share on the terms and conditions in the Explanatory Memorandum.'*

**Resolution 5 – Approval to issue Lead Manager Options**

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

*'That, pursuant to and in accordance with Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of up to 15,000,000 Options to the Lead Manager (or its nominees) on the terms and conditions in the Explanatory Memorandum.'*

**Resolution 6 – Approval of Employee Securities Incentive Plan**

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

*'That, pursuant to and in accordance with exception 13(b) of Listing Rule 7.2 and for all other purposes, Shareholders approve the establishment of the employee incentive scheme of the Company known as the "Barra Resources Limited Employee Securities Incentive Plan" and the issue of Securities under that plan, on the terms and conditions in the Explanatory Memorandum.'*

**Resolution 7 – Approval of potential termination benefits under the Plan**

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

*'That, conditional on Resolution 6 being approved, for a period commencing from the date this Resolution is passed and ending upon the expiry of all Securities issued or to be issued under the Barra Resources Limited Employee Securities Incentive Plan, approval be given for all purposes including Part 2D.2 of the Corporations Act for the giving of benefits to any current or future person holding a managerial or executive office of the Company or a related body corporate in connection with that person ceasing to hold such office, on the terms and conditions in the Explanatory Memorandum.'*

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## Resolution 8 – Approval to issue Incentive Options to Directors

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

*'That, subject to Resolution 6 being passed and pursuant to and in accordance Listing Rule 10.14, section 195(4) and section 208 of the Corporations Act and for all other purposes, Shareholders approve the issue of Incentive Options to the Directors (or their respective nominees) under the Plan as follows:*

- (a) *up to 6,000,000 Incentive Options to Gary Berrell;*
- (b) *up to 6,000,000 Incentive Options to Grant Mooney; and*
- (c) *up to 6,000,000 Incentive Options to Jonathan Young,*

*on the terms and conditions in the Explanatory Memorandum.'*

### **Voting exclusions**

Pursuant to the Listing Rules, the Company will disregard any votes cast in favour of:

Resolution 3, if at the time of the Meeting, the Company is proposing to make an issue of Equity Securities under rule 7.1A.2, by or on behalf of any persons who are 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 Shareholder), or any associate of those persons;

Resolution 4 by or on behalf of any person who participated in the issue of the Shares, or any of their respective associates;

Resolution 5 by or on behalf of the Lead Manager (or its nominees) and any person who will obtain a material benefit as a result of the proposed issue (except a benefit solely by reason of being a Shareholder), or any of their respective associates;

Resolution 6 by or on behalf of a person who is eligible to participate in the employee incentive scheme, or any of their respective associates; and

Resolution 8 by or on behalf of a person referred to in Listing Rule 10.14.1, 10.14.2 or 10.14.3 or any of their respective associates.

The above voting exclusions do not apply to a vote cast in favour of the relevant Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way;
- (b) the Chair as proxy or attorney for a person who is entitled to vote, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:

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- (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.

Shares held by or for an employee incentive scheme must only be voted on a Resolution under the Listing Rules if and to the extent that they are held for the benefit of a nominated participant in the scheme; the nominated participant is not excluded from voting on the Resolution under the Listing Rules; and the nominated participant has directed how the Shares are to be voted.

### **Voting prohibitions**

**Resolution 1:** In accordance with sections 250BD and 250R of the Corporations Act, a vote on this Resolution must not be cast (in any capacity) by or on behalf of a member of the Key Management Personnel details of whose remuneration are included in the Remuneration Report, or a Closely Related Party of such a member.

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

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

**Resolution 6, Resolution 7 and Resolution 8:** In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either a member of the Key Management Personnel or a Closely Related Party of such member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

Further, in accordance with section 200E(2A) of the Corporations Act, a vote on Resolution 7 must not be cast by any participants or potential participants in the Barra Resources Limited Employee Securities Incentive Plan and their associates, otherwise the benefit of this Resolution will be lost by such a person in relation to that person's future retirement.

However, a vote may be cast by such a person if:

- (a) the person is appointed as proxy by writing that specifies the way the proxy is to vote on the Resolution; and
- (b) it is not cast on behalf of the person or an associate of the person.

Further, in accordance with section 224 of the Corporations Act, a vote on Resolution 8 must not be cast (in any capacity) by or on behalf of a related party of the Company to whom the Resolution would permit a financial benefit to be given, or an associate of such a related party.

However, the above prohibition does not apply if:

- (a) it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the Resolution; and
- (b) it is not cast on behalf of a related party of the Company to whom the Resolution would permit a financial benefit to be given, or an associate of such a related party.

Please note: If the Chair is a person referred to in the section 224 Corporations Act voting prohibition statement above, the Chair will only be able to cast a vote as proxy for a person who is entitled to vote if the Chair is appointed as proxy in writing and the Proxy Form specifies how the proxy is to vote on the relevant Resolution.

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

**BY ORDER OF THE BOARD**



Grant Mooney  
Company Secretary and Non-Executive Director  
Barra Resources Limited  
Dated: 9 October 2020

**Barra Resources Limited**  
**ACN 093 396 859**  
**(Company)**

**Explanatory Memorandum**

**1. Introduction**

The Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held on Wednesday, 18 November 2020 at the offices of the Company on the ground floor at 6 Thelma Street, West Perth, Western Australia.

The Explanatory Memorandum forms part of the Notice which should be read in its entirety. The Explanatory Memorandum contains the terms and conditions on which the Resolutions will be voted.

The Explanatory Memorandum includes the following information to assist Shareholders in deciding how to vote on the Resolutions:

Section 2	Action to be taken by Shareholders
Section 3	Annual Report
Section 4	Resolution 1 – Remuneration Report
Section 5	Resolution 2– Re-election of Director – Mr Grant Mooney
Section 6	Resolution 3 - Approval of 10% Placement Facility
Section 7	Resolution 4 - Ratification of prior issue of Placement Shares
Section 8	Resolution 5 – Approval to issue Lead Manager Options
Section 9	Resolution 6 – Approval of Employee Securities Incentive Plan
Section 10	Resolution 7– Approval of potential termination benefits under the Plan
Section 11	Resolution 8 – Approval to issue Incentive Options to Directors
Schedule 1	Definitions
Schedule 2	Terms and conditions of Lead Manager Options
Schedule 3	Summary of Barra Resources Employee Securities Incentive Plan
Schedule 4	Terms and Conditions of Incentive Options
Schedule 5	Valuation of Incentive Options

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

## 2. Action to be taken by Shareholders

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

### 2.1 Impact of COVID-19 on the Meeting

The health and safety of members and personnel, and other stakeholders, is the highest priority and the Company is acutely aware of the current circumstances resulting from COVID-19.

Given the significant health concerns attributed to the COVID-19 pandemic and the travel restrictions in place, the Company strongly encourages Shareholders to vote by completing a Proxy Form.

### 2.2 Proxies

Shareholders are strongly encouraged to vote by completing a Proxy Form.

Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting.

To vote by proxy:

- (a) Please lodge the Proxy Form online at <https://investor.automic.com.au/#/loginsah> by following the below instructions:

Login to the Automic website using the holding details as shown as the Proxy Form.

Click on 'Meetings' - 'Vote'.

To use the online lodgement facility, Shareholders will need their holder number (either Security Holder Reference Number (SRN) or Holder Identification Number (HIN)) as shown on the front of the Proxy Form;

- (b) Alternatively, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

### 2.3 Chair's voting intentions

The Chair intends to exercise all available proxies in favour of all Resolutions, unless the Shareholder has expressly indicated a different voting intention.

Subject to the following paragraph, if the Chair is appointed as your proxy and you have not specified the way the Chair is to vote on any of the Resolutions by signing and returning the Proxy Form, you are considered to have provided the Chair with an express authorisation for the Chair to vote the proxy in accordance with the Chair's intention, even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel of the Company.

If the Chair is a person referred to in the voting prohibition statement applicable to a Resolution under section 224 of the Corporations Act, the Chair will only be able to cast a vote as proxy for you on the relevant Resolution if you are entitled to vote and have specified your



voting intention in the Proxy Form. Shareholders are therefore encouraged to specify their voting intention for every Resolution in the Proxy Form.

### 3. **Annual Report**

In accordance with section 317 of the Corporations Act, Shareholders will be offered the opportunity to discuss the Annual Report, including the Financial Report, the Directors' Report and the Auditor's Report for the financial year ended 30 June 2020.

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

At the Meeting, Shareholders will be offered the opportunity to:

- (a) discuss the Annual Report which is available online at [www.barraresources.com.au](http://www.barraresources.com.au);
- (b) ask questions about, or comment on, the management of the Company; and
- (c) ask the auditor questions about the conduct of the audit and the preparation and content of the Auditor's Report.

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

- (a) the preparation and content of the Auditor's Report;
- (b) the conduct of the audit;
- (c) accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- (d) the independence of the auditor in relation to the conduct of the audit,

may be submitted no later than five business days before the Meeting to the Company Secretary by email to [info@barraresources.com.au](mailto:info@barraresources.com.au).

### 4. **Resolution 1 – Remuneration Report**

In accordance with subsection 250R(2) of the Corporations Act, the Company must put the Remuneration Report to the vote of Shareholders. The Directors' Report contains the Remuneration Report which sets out the remuneration policy for the Company and the remuneration arrangements in place for the executive Directors, specified executives and non-executive Directors.

In accordance with subsection 250R(3) of the Corporations Act, Resolution 1 is advisory only and does not bind the Directors. If Resolution 1 is not passed, the Directors will not be required to alter any of the arrangements in the Remuneration Report.

If the Company's Remuneration Report receives a 'no' vote of 25% or more (**Strike**) at two consecutive annual general meetings, Shareholders will have the opportunity to remove the whole Board, except the managing director (if any).

Where a resolution on the Remuneration Report receives a Strike at two consecutive annual general meetings, the Company will be required to put to Shareholders at the second annual general meeting a resolution on whether another meeting should be held (within 90 days) at

which all Directors (other than the managing director, if any) who were in office at the date of approval of the applicable Directors' Report must stand for re-election.

The Company's Remuneration Report did not a Strike at the 2019 annual general meeting. If the Remuneration Report receives a Strike at this Meeting, Shareholders should be aware that if a second Strike is received at the 2021 annual general meeting, this may result in the re-election of the Board.

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

Resolution 1 is an ordinary resolution.

Given the personal interests of all Directors in this Resolution, the Board makes no recommendation to Shareholders regarding this Resolution.

## **5. Resolution 2– Re-election of Director – Mr Grant Mooney**

### **5.1 General**

Article 9.3 of the Constitution and Listing Rule 14.4 both provide that a Director (excluding the Managing Director) must not hold office without re-election past the third annual general meeting following that Director's appointment or three years, whichever is longer.

Article 9.4 of the Constitution provides that a Director who retires in accordance with Article 9.3 is eligible for re-election.

Non-Executive Director Grant Mooney was last elected at the annual general meeting held on 16 November 2017. Accordingly, Mr Mooney retires at this Meeting and, being eligible, seeks re-election pursuant to Resolution 2.

If Shareholders approve Resolution 2, the Board considers Mr Mooney to be an independent director, notwithstanding that he may be granted Incentive Options pursuant to Resolution 8(b). The vesting conditions of the Performance Rights are based purely on length of service and the Board considers that the number of Incentive Options in question is not material and the interest will not interfere, or reasonably be seen to interfere, with Mr Mooney's capacity to bring an independent judgement to bear on issues before the Board and to act in the best interest of the Company as a whole.

### **5.2 Grant Mooney**

Mr Mooney is the principal of Perth-based corporate advisory firm Mooney & Partners, specialising in corporate compliance administration to public companies. He has gained extensive experience in the areas of corporate and project management since commencing Mooney & Partners in 1999. His experience extends to advice on capital raisings, mergers and acquisitions and corporate governance.

Currently, Mr Mooney serves as a Director and Company Secretary to several ASX listed companies across a variety of industries including technology and resources. He is a Director of ASX listed resource companies Talga Resources Limited, Accelerate Resources Limited, SRJ Technologies Limited, Riedel Resources Limited, Aurora Labs Limited and Gibb River Diamonds Limited and is a director of wave energy technology developer Carnegie Clean

Energy Limited. Mr Mooney is a member of Chartered Accountants Australia and New Zealand.

Mr Mooney has acknowledged to the Company that he will have sufficient time to fulfil his responsibilities as a Director.

### 5.3 **Additional information**

Resolution 2 is an ordinary resolution.

The Board (with Mr Mooney abstaining) recommends that Shareholders vote in favour of Resolution 2. The Board considers that Mr Mooney's experience in corporate compliance and project management gained through his extensive experience as a company secretary and director brings valuable skills to the Board that complement the Board's existing skills and experience.

## 6. **Resolution 3 - Approval of 10% Placement Facility**

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of Equity Securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that period.

Under Listing Rule 7.1A, however, an eligible entity can seek approval from its members, by way of a special resolution passed at its annual general meeting, to increase this 15% limit by an extra 10% to 25%.

An 'eligible entity' means an entity which is not included in the S&P/ASX 300 Index and which has a market capitalisation of \$300 million or less. The Company is an eligible entity for these purposes.

Resolution 3 seeks Shareholder approval by way of a special resolution for the Company to have the additional 10% capacity provided for in Listing Rule 7.1A to issue Equity Securities without Shareholder approval (**10% Placement Facility**).

If Resolution 3 is passed, the Company will be able to issue Equity Securities up to the combined 25% limit in Listing Rules 7.1 and 7.1A without any further Shareholder approval.

If Resolution 3 is not passed, the Company will not be able to access the additional 10% capacity to issue Equity Securities without Shareholder approval provided for in Listing Rule 7.1A and will remain subject to the 15% limit on issuing Equity Securities without Shareholder approval set out in Listing Rule 7.1.

### 6.1 **Listing Rule 7.1A**

#### (a) **Is the Company an eligible entity?**

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

The Company is an eligible entity as it is not included in the S&P/ASX 300 Index and has a market capitalisation of approximately \$16 million, based on the closing price of Shares (\$0.023) on 8 October 2020.

(b) **What Equity Securities can be issued?**

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

As at the date of the Notice, the Company has on issue one quoted class of Equity Securities; Shares.

(c) **How many Equity Securities can be issued?**

Listing Rule 7.1A.2 provides that under the approved 10% Placement Facility, the Company may issue or agree to issue 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:
- (A) plus the number of fully paid Shares issued in the 12 months:
- (1) under an exception in Listing Rule 7.2 (other than exception 9, 16 or 17);
  - (2) 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 12 month period; or
    - the issue of, or agreement to issue, the convertible securities was approved, or taken under the Listing Rules to have been approved, under Listing Rule 7.1 or 7.4;
  - (3) under an agreement to issue securities within Rule 7.2 exception 16 where:
    - the agreement was entered into before the 12 month period; or
    - the agreement or issue was approved, or taken under the Listing Rules to be approved, under Listing Rule 7.1 or 7.4; and
  - (4) with Shareholder approval under Listing Rule 7.1 or 7.4. This does not include any issue of Shares under the Company's 15% annual placement capacity without Shareholder approval;
- (B) plus the number of partly paid shares that became fully paid in the 12 months; and
- (C) less the number of fully paid Shares cancelled in the 12 months.

Note that 'A' has the same meaning in Listing Rule 7.1 when calculating the Company'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 the issue or agreement to issue that are not issued with Shareholder approval under Listing Rule 7.1 or 7.4.

(d) **What is the interaction with Listing Rule 7.1?**

The Company's ability to issue Equity Securities under Listing Rule 7.1A will be in addition to its 15% annual placement capacity under Listing Rule 7.1.

(e) **At what price can the Equity Securities be issued?**

Any Equity Securities issued under Listing Rule 7.1A must be issued for a cash consideration per security which is not less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 Trading Days on which trades in that class were recorded immediately before:

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

**(Minimum Issue Price).**

(f) **When can Equity Securities be issued?**

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A will be valid from the date of Meeting and will expire on the earlier to occur of:

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

**(10% Placement Period).**

(g) **What is the effect of Resolution 3?**

The effect of Resolution 3 will be to allow the Directors to issue the Equity Securities under Listing Rule 7.1A during the 10% Placement Period without further Shareholder approval or using the Company's 15% annual placement capacity under Listing Rule 7.1.

## 6.2 Specific information required by Listing Rule 7.3A

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

### (a) Final date for issue

The Company will only issue the Equity Securities under the 10% Placement Facility during the 10% Placement Period (refer to Section 6.1(f) above).

Shareholder approval of the 10% Placement Facility will cease to be valid if Shareholders approve a transaction under Listing Rule 11.1.2 or 11.2.

### (b) Minimum issue price

Where the Company issues Equity Securities under the 10% Placement Facility, it will only do so for cash consideration and the issue price will be not less than the Minimum Issue Price (refer to Section 6.1(e) above).

### (c) Purposes of issues under 10% Placement Facility

The Company may seek to issue Equity Securities under the 10% Placement Facility for the purposes of raising funds for continued investment in the Company's current assets in both gold and nickel-cobalt, continued exploration and project evaluation/study expenditure on the Company's current assets, the acquisition of new resources assets or investments (including expenses associated with such an acquisition), and/or for general working capital.

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

Shareholders should note that there is a risk that:

- (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Meeting; and
- (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date,

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

If this Resolution is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' economic and voting power in the Company may be diluted as shown in the below table (in the case of Options, only if the Options are converted into Shares).

The below table shows the dilution of existing Shareholders based on the current market price of Shares and the current number of Shares for 'A' calculated in accordance with the formula in Listing Rule 7.1A.2 (see Section 6.1(c)) as at the date of the Notice (**Variable A**), with:

- (i) two examples where Variable A has increased, by 50% and 100%; and

- (ii) two examples of where the issue price of Shares has decreased by 50% and increased by 100% as against the current market price.

Share on issue (Variable A in Listing Rule 7.1A.2)	Dilution			
	Issue price per Share	\$0.011 50% decrease in Current Market Price	\$0.023 Current Market Price	\$0.046 100% increase in Current Market Price
<b>674,608,101 Shares Variable A</b>	10% Voting Dilution	67,460,810 Shares	67,460,810 Shares	67,460,810 Shares
	Funds raised	\$742,069	\$1,551,598	\$3,103,197
<b>1,011,912,152 Shares 50% increase in Variable A</b>	10% Voting Dilution	101,191,215 Shares	101,191,215 Shares	101,191,215 Shares
	Funds raised	\$1,113,103	\$2,327,398	\$4,654,796
<b>1,349,216,202 Shares 100% increase in Variable A</b>	10% Voting Dilution	134,921,620 Shares	134,921,620 Shares	134,921,620 Shares
	Funds raised	\$1,484,138	\$3,103,197	\$6,206,395

Notes:

1. The table has been prepared on the following assumptions:
  - (a) the issue price is the current market price (\$0.023), being the closing price of the Shares on ASX on 8 October 2020, being the latest practicable date before the date of this Notice
  - (b) Variable A is 674,608,101, comprising the existing Shares on issue as at the date of this Meeting, assuming the Company has not issued any Shares in the 12 months prior to the Meeting that were not issued under an exception in Listing Rule 7.2 or with Shareholder approval under Listing Rule 7.1 and 7.4;
  - (c) the Company issues the maximum number of Equity Securities available under the 10% Placement Facility;
  - (d) no convertible securities (including any issued under the 10% Placement Facility) are exercised or converted into Shares before the date of the issue of the Equity Securities; and
  - (e) the issue of Equity Securities under the 10% Placement Facility consists only of Shares. If the issue of Equity Securities includes quoted Options, it is assumed that those quoted Options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
2. The number of Shares on issue (ie Variable A) may increase as a result of issues of Shares that do not require Shareholder approval (for example, a pro rata entitlements

issue, scrip issued under a takeover offer or upon exercise of convertible securities) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting.

3. The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
4. The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of the Meeting.
5. The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.

(e) **Allocation policy**

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

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

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

(f) **Issues in the past 12 months**

The Company has previously obtained Shareholder approval under Listing Rule 7.1A at its annual general meeting held on 1 November 2019.

In the 12 months preceding the date of the Meeting and as at the date of this Notice, the Company has not issued or agreed to issue any Equity Securities under Listing Rule 7.1A.

(g) **Voting exclusion statement**

At the date of the Notice, the Company is not proposing to make an issue of Equity Securities under Listing Rule 7.1A and has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in any such issue.

However, in the event that between the date of the Notice and the date of the Meeting, the Company proposes to make an issue of Equity Securities under Listing Rule 7.1A



to one or more existing Shareholders, those Shareholders' votes will be excluded under the voting exclusion statement in the Notice.

### 6.3 **Additional information**

Resolution 3 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

The Board recommends that Shareholders vote in favour of Resolution 3.

## 7. **Resolution 4 - Ratification of prior issue of Placement Shares**

On 10 September 2020, the Company announced that it had received binding commitments for a placement to raise approximately \$1.48 million before costs (**Placement**) by the issue of Shares at \$0.019 each (**Placement Shares**) to sophisticated and professional investors.

On 17 September 2020, the Company issued 78,092,361 Placement Shares using the Company's placement capacity under Listing Rule 7.1 to raise \$1,483,754.859 (before costs).

Resolution 4 seeks the approval of Shareholders pursuant to Listing Rule 7.4 to ratify the issue of the Placement Shares.

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

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of Equity Securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary shares it had on issue at the start of that period.

The issue of the Placement Shares does not fit within any of the exceptions to Listing Rule 7.1 and, as it has not yet been approved by Shareholders, effectively uses up part of the Company's 15% placement capacity under Listing Rule 7.1. This reduces the Company's capacity to issue further Equity Securities without Shareholder approval under that Listing Rule for the 12 month period following the issue of the Placement Shares.

Listing Rule 7.4 allows the shareholders of a listed company to approve an issue of Equity Securities after it has been made or agreed to be made. If they do, the issue is taken to have been approved under Listing Rule 7.1 and so does not reduce the company's capacity to issue further Equity Securities without shareholder approval under Listing Rules 7.1.

The Company wishes to retain as much flexibility as possible to issue additional Equity Securities into the future without having to obtain Shareholder approval for such issues under Listing Rule 7.1.

If Resolution 4 is passed, the issue of Placement Shares will be excluded in calculating the Company's 15% limit in Listing Rule 7.1, effectively increasing the number of Equity Securities it can issue without Shareholder approval over the 12 month period following the issue of those Placement Shares.

If Resolution 4 is not passed, the issue of Placement Shares will be included in calculating the Company's 15% limit in Listing Rule 7.1, effectively decreasing the number of Equity Securities it can issue without Shareholder approval over the 12 month period following the issue of the Placement Shares.

## 7.2 Specific information required by Listing Rule 7.5

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to the ratification of the issue of the Placement Shares:

- (a) The Placement Shares were issued to sophisticated and professional investors, none of whom is a related party of the Company. The Lead Manager acted as lead manager to the Placement. The Placement participants were identified through a bookbuild process, which involved the Lead Manager seeking expressions of interest to participate in the capital raising from non-related parties of the Company, and are existing contacts of the Company and clients of the Lead Manager. The following entities, being associates of the Lead Manager/existing substantial holders of Shares, were each issued more than 1% of the Company's issued capital:

Shareholder	Relationship	Share Allocation
FMR Investments Pty Ltd	Existing substantial Shareholder	13,157,895
CS Third Nominees Pty Ltd <HSBC Cust Nom AU Limited 13 A/C>	Lead Manager Client	11,842,106

- (b) 78,092,361 Placement Shares were issued. The Placement Shares are fully paid ordinary shares in the capital of the Company and rank equally in all respects with the Company's existing Shares on issue.
- (c) The Placement Shares were issued on 17 September 2020.
- (d) The Placement Shares were issued at \$0.019 per Share.
- (e) The purpose of the issue of the Placement Shares was to raise funds to be used towards a 13,000 metre drilling program at the Company's Burbanks and Phillips Find Gold Projects, in Coolgardie, Western Australia, as well as for costs of the Placement and general working capital.
- (f) There are no other material terms upon which the Placement Shares were issued.
- (g) A voting exclusion statement is included in the Notice.

## 7.3 Additional information

Resolution 4 is an ordinary resolution.

The Board recommends that Shareholders vote in favour of Resolution 4.

## 8. Resolution 5 – Approval to issue Lead Manager Options

### 8.1 General

On 10 September 2020, the Company announced that it had engaged Canaccord Genuity (Australia) Limited (**Lead Manager**) to provide lead manager services to the Company in respect of the Placement.

Pursuant to the mandate entered into with the Lead Manager (**Lead Manager Mandate**), the Company agreed to issue to the Lead Manager (or its nominees) 15,000,000 Options exercisable at \$0.03 each on or before the date that is two years after their issue as partial consideration for the services provided. (**Lead Manager Options**).

The Lead Manager Mandate contains additional provisions, including warranties and indemnities in respect of the Company, which are considered standard for agreements of this nature.

Resolution 5 seeks Shareholder approval pursuant to Listing Rule 7.1 for the issue of the Lead Manager Options to the Lead Manager (or its nominees).

### 8.2 Listing Rule 7.1

A summary of Listing Rule 7.1 is contained in Section 7.1 above.

The proposed issue of Lead Manager Options does not fit within any of the exceptions to Listing Rule 7.1.

Resolution 5 seeks Shareholder approval to the issue of the Lead Manager Options under and for the purposes of Listing Rule 7.1.

If Resolution 5 is passed, the Company will be able to proceed with the issue of the Lead Manager Options and, the issue will be excluded from the calculation of the number of Equity Securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If Resolution 5 is not passed, the Company may need to issue the Lead Manager Options using its remaining capacity under Listing Rule 7.1.

### 8.3 Specific information required by Listing Rule 7.3

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to the proposed issue of the Lead Manager Options:

- (a) The Lead Manager Options will be issued to the Lead Manager (or its nominees).
- (b) A maximum of 15,000,000 Lead Manager Options will be issued. The Lead Manager Options are exercisable at \$0.03 each on or before the date that is two years after their issue, on the terms and conditions in Schedule 2;
- (c) The Lead Manager Options are intended to be issued as soon as practicable after the date of the Meeting, and in any event, no later than three months after the date of the Meeting.
- (d) The Lead Manager Options will be issued for nil cash consideration, as partial consideration for the services provided by the Lead Manager in connection with the Placement. No funds will be raised from the issue.

- (e) A summary of the material terms of the Lead Manager Mandate is in Section 8.1 above.
- (f) A voting exclusion statement is included in the Notice.

#### 8.4 **Additional information**

Resolution 5 is an ordinary resolution.

The Board recommends that Shareholders vote in favour of Resolution 5.

### 9. **Resolution 6 – Approval of Employee Securities Incentive Plan**

#### 9.1 **General**

The Company considers that it is desirable to adopt an employee incentive scheme pursuant to which the Company can issue Equity Securities to attract, motivate and retain key Directors, employees and consultants and provide them with the opportunity to participate in the future growth of the Company.

Resolution 6 seeks Shareholders' approval for the adoption of the employee incentive scheme titled 'Barra Resources Limited Employee Securities Incentive Plan' (**Plan**) in accordance with Listing Rule 7.2 exception 13(b).

Under the Plan, the Board may offer to eligible persons the opportunity to subscribe for such number of Equity Securities in the Company as the Board may decide and on the terms set out in the rules of the Plan, a summary of the key terms and conditions of which is in Resolution 6. In addition, a copy of the Plan is available for review by Shareholders at the registered office of the Company until the date of the Meeting. A copy of the Plan can also be sent to Shareholders upon request to the Company Secretary. Shareholders are invited to contact the Company if they have any queries or concerns.

#### 9.2 **Listing Rules 7.1 and 7.2, exception 13(b)**

A summary of Listing Rule 7.1 is in Section 7.1 above.

Listing Rule 7.2, exception 13(b) provides an exception to Listing Rule 7.1 such that issues of Equity Securities under an employee incentive scheme are exempt for a period of three years from the date on which shareholders approve the issue of Equity Securities under the scheme as an exception to Listing Rule 7.1.

If Resolution 6 is passed, the Company will be able to issue Equity Securities under the Plan to eligible participants over a period of three years up to a nominated maximum amount without using the Company's 15% annual placement capacity under Listing Rule 7.1.

However, any future issues of Equity Securities under the Plan to a related party or a person whose relation with the Company or the related party is, in ASX's opinion, such that approval should be obtained will require additional Shareholder approval under Listing Rule 10.14 at the relevant time. For this reason, the Company is also seeking approval under Resolution 8 for the issue of Incentive Options to the Directors pursuant to the Plan.

If Resolution 6 is not passed, the Company will still be able to proceed with the issue of Equity Securities under the Plan to eligible participants, but it will reduce, to that extent, the

Company's capacity to issue equity securities without shareholder approval under Listing Rule 7.1 for the 12 month period following the issue of the Equity Securities.

### 9.3 **Specific information required by Listing Rule 7.2, exception 13(b)**

Pursuant to and in accordance with Listing Rule 7.2, exception 13(b), the following information is provided in relation to the Plan:

- (a) The material terms of the Plan are summarised in Schedule 3.
- (b) The Plan is a new employee incentive scheme and has not previously been approved by Shareholders. No Equity Securities have previously been issued under the Plan.
- (c) The maximum number of Equity Securities proposed to be issued under the Plan for the purposes of the Listing Rules is 67,460,810, meaning that the Company may issue up to the ASX limit under the Plan, without seeking prior Shareholder approval and without reducing its placement capacity under Listing Rule 7.1.
- (d) A voting exclusion statement is included in the Notice.

### 9.4 **Additional information**

Resolution 6 is an ordinary resolution.

The Board declines to make a recommendation as to how Shareholders vote in relation to Resolution 6 in light of their actual or potential personal interest in the Resolution.

## 10. **Resolution 7– Approval of potential termination benefits under the Plan**

### 10.1 **General**

The Corporations Act contains certain limitations concerning the payment of 'termination benefits' to persons who hold a 'managerial or executive office'. The Listing Rules also provides certain limitations on the payment of "termination benefits" to officers of listed entities.

As is common with employee incentive schemes, the Plan provides the Board with the discretion to, amongst other things, determine that some or all of the Equity Securities granted to a participant under the Plan (**Plan Securities**) will not lapse in the event of that participant ceasing their engagement with the Company before such Plan Securities have vested. This 'accelerated vesting' of Plan Securities may constitute a 'termination benefit' prohibited under the Corporations Act, regardless of the value of such benefit, unless Shareholder approval is obtained. Accordingly, the Board has resolved to seek Shareholder approval for the granting of such termination benefits in accordance with Resolution 7.

### 10.2 **Part 2D.2 of the Corporations Act**

Under section 200B of the Corporations Act, a company may only give a person a benefit in connection with them ceasing to hold a 'managerial or executive office' (as defined in the Corporations Act) if an exemption applies or if the benefit is approved by shareholders in accordance with section 200E of the Corporations Act.

Subject to Shareholder approval of Resolution 7, Shareholder approval is sought for the purposes of Part 2D.2 of the Corporations Act to approve the giving of benefits under the Plan

to a person by the Company in connection with that person ceasing to be an officer of, or ceasing to hold a managerial or executive office in, the Company (or subsidiary of the Company) on the terms and conditions in this Explanatory Memorandum.

As noted above, under the terms of the Plan and subject to the Listing Rules, the Board possesses the discretion to vary the terms or conditions of the Plan Securities. Notwithstanding the foregoing, without the consent of the participant in the Plan, no amendment may be made to the terms of any granted Plan Security which reduces the rights of the participant in respect of that Plan Security, other than an amendment introduced primarily to comply with legislation, to correct any manifest error or mistake or to take into consideration possible adverse tax implications.

As a result of the above discretion, the Board has the power to determine that some or all of a participant's Plan Securities will not lapse in the event of the participant ceasing employment or office before the vesting of their Plan Securities. The Board's current intention is to only exercise this discretion where the person leaves employment or office without fault on their part.

The exercise of this discretion by the Board may constitute a 'benefit' for the purposes of section 200B of the Corporations Act. The Company is therefore seeking Shareholder approval for the exercise of the Board's discretion in respect of any current or future participant in the Plan who holds:

- (a) a managerial or executive office in, or is an officer of, the Company (or subsidiary of the Company) at the time of their leaving or at any time in the three years prior to their leaving; and
- (b) Plan Securities at the time of their leaving.

### 10.3 Value of the termination benefits

Provided Shareholder approval is given, the value of the termination benefits may be disregarded when applying section 200F(2)(b) or section 200G(1)(c) of the Corporations Act (ie the approved benefit will not count towards the statutory cap under the legislation).

The value of the termination benefits that the Board may give under the Plan cannot be determined in advance. This is because various matters will or are likely to affect that value. In particular, the value of a particular benefit will depend on factors such as the Company's Share price at the time of vesting and the number of Plan Securities that will vest or otherwise be affected. The following additional factors may also affect the benefit's value:

- (a) the participant's length of service and the status of the vesting conditions attaching to the relevant Plan Securities at the time the participant's employment or office ceases; and
- (b) the number of unvested Plan Securities that the participant holds at the time they cease employment or office.

In accordance with Listing Rule 10.19, the Company will ensure that no officer of the Company or any of its child entities will, or may be, entitled to termination benefits if the value of those benefits and the terminations benefits that are or may be payable to all officers together exceed 5% of the equity interests of the Company as set out in the latest accounts given to ASX under the Listing Rules.

#### 10.4 Additional information

Resolution 7 is an ordinary resolution.

Resolution 7 is conditional on the passing of Resolution 6. If Resolution 6 is not approved at the Meeting, Resolution 7 will not be put to the Meeting.

The Board declines to make a recommendation as to how Shareholders vote in relation to Resolution 7 in light of their actual or potential personal interest in the Resolution.

### 11. Resolution 8 – Approval to issue Incentive Options to Directors

#### 11.1 General

The Company is proposing, subject to obtaining Shareholder approval and the adoption of the Plan (refer to Resolution 6), to issue up to a total of 18,000,000 Options (**Incentive Options**) to the Directors or their respective nominees, as follows:

Director	Incentive Options		TOTAL
	Class A	Class B	
Gary Berrell	4,000,000	2,000,000	<b>6,000,000</b>
Grant Mooney	4,000,000	2,000,000	<b>6,000,000</b>
Jonathan Young	4,000,000	2,000,000	<b>6,000,000</b>
<b>TOTAL</b>	<b>12,000,000</b>	<b>6,000,000</b>	<b>18,000,000</b>

The Company is in an important stage of development with significant opportunities and challenges in both the near and long-term, and the proposed issue seeks to align the efforts of the Directors in seeking to achieve growth of the Share price and in the creation of Shareholder value. In addition, the Board also believes that incentivising with Incentive Options is a prudent means of conserving the Company's available cash reserves. The Board believes it is important to offer these Incentive Options to continue to attract and maintain highly experienced and qualified Board members in a competitive market.

The Incentive Options are to be issued under the Company's Plan, the terms of which are summarised in Schedule 3.

Subject to the terms and conditions in Schedule 4, the Incentive Options will vest upon achievement of the vesting conditions as follows:

- (a) Class A: immediately upon issue; and
- (b) Class B: 18 months of service as a director following date of issue.

Subject to adoption of the Plan (refer to Resolution 6), Resolution 8(a) to (c) (inclusive) seek Shareholder approval pursuant to Listing Rule 10.14, and sections 195(4) and 208 of the

Corporations Act for the issue of up to a total of 18,000,000 Incentive Options under the Plan to the Directors, or their respective nominees.

## 11.2 **Listing Rule 10.14**

Listing Rule 10.14 provides that a listed company must not permit any of the following persons to acquire equities securities under and employee incentive scheme:

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

unless it obtains the approval of its Shareholders.

The proposed issue of the Incentive Options falls within Listing Rule 10.14.1 above, and therefore requires the approval of the Shareholders under Listing Rule 10.14.

Resolution 8 seeks the required Shareholder approval to the issue the Incentive Options for the purposes of Listing Rule 10.14.

If Resolution 8 is passed, the Company will be able to proceed with the issue of the Incentive Options.

If Resolution 8 is not passed, the Company will not be able to proceed with the issue of the Incentive Options and the Company will consider other forms of performance-based remuneration, including by the payment of cash (subject to the limitations under the Constitution, Corporations Act and Listing Rules).

## 11.3 **Specific information required by Listing Rule 10.15**

Pursuant to and in accordance with Listing Rule 10.15, the following information is provided in relation to the proposed issue of the Incentive Options:

- (a) The Incentive Options will be issued under the Plan to Messrs Gary Berrell, Grant Mooney, and Jonathan Young (or their respective nominees), each of whom is a Director and captured under Listing Rule 10.14.1. In the event the Incentive Options are issued to a nominee of a Director, that person will fall into the category stipulated by Listing Rule 10.14.2.
- (b) The maximum number of Incentive Options to be issued to the Directors (or their respective nominees) is 18,000,000, in the proportions set out in Section 11.1 above. The Incentive Options are a new class to be issued on the terms and conditions set out in Schedule 4 and otherwise pursuant to the Plan.
- (c) From 1 March 2020, all non-executives' fees were reduced to nil. Accordingly, the current total remuneration package for each of the Directors as at the date of this Notice are set out below:



Director	Salary and fees (inclusive of superannuation)
Gary Berrell	\$nil
Grant Mooney (Note 1)	\$nil
Jonathan Young	\$nil

Note 1: Mooney & Partners Pty Ltd, a company associated with Grant Mooney provides Company Secretarial fees for an annual fee of \$36,000 p.a. plus GST.

- (d) The Directors have not previously been issued Securities under the Plan.
- (e) The Incentive Options will be exercisable at \$0.035 each on or before the 3<sup>rd</sup> anniversary following the date of issue and will otherwise be issued on the terms and conditions in Schedule 4 and under the Plan.
- (f) The Board considers that Incentive Options, rather than Shares, are an appropriate form of incentive because they reward the Directors for achievement of the Company's strategic objectives to grow the Company and develop its mineral projects for the benefit of all shareholders over a 3 year period and the Directors will only obtain the value of the Incentive Options upon achieving corporate growth via an increase in the company's share price. Therefore, an option is a suitable incentive as it provides the ability for a director to obtain a financial benefit by way of growth in the company's share price which directly returns value to all shareholders.
- (g) A valuation of the Incentive Options is in Schedule 5, with a summary for each of the Directors below:

Directors	Value of Incentive Options
Gary Berrell	\$73,200
Grant Mooney	\$73,200
Jonathan Young	\$73,200

- (h) The Incentive Options are intended to be issued as soon as practicable following the receipt of approval at the Meeting and in any event, will be issued no later than three years after the date of the Meeting if the required approval is received.
- (i) The Incentive Options will have an issue price of nil as they will be issued as part of each Director's remuneration package.
- (j) A summary of the material terms of the Plan is in Schedule 3.
- (k) No loan will be provided to the Directors in relation to the issue of the Incentive Options.
- (l) Details of any Securities issued under the Plan 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 Rule 10.14. Any additional persons covered by Listing Rule 10.14 who become entitled to participate in an issue of Securities under the Plan after Resolution 6 is approved and who were not named in the Notice will not participate until approval is obtained under Listing Rule 10.14.

- (m) A voting exclusion statement is included in the Notice.

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

In accordance with Chapter 2E of the Corporations Act, in order to give a financial benefit to a related party, the Company must:

- (a) obtain Shareholder approval in the manner set out in section 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

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

The grant of the Incentive Options constitutes giving a financial benefit and the Directors are related parties of the Company by virtue of being Directors.

The Board considers that the issue of the Incentive Options constitutes 'reasonable remuneration' in the circumstances, and therefore falls within the scope of the exception in section 211 of the Corporations Act. However, in the interests of good corporate governance, the Company is seeking approval for the purposes of Chapter 2E of the Corporations Act in respect of the Incentive Options.

#### 11.5 **Information requirements for Chapter 2E of the Corporations Act**

Pursuant to and in accordance with section 219 of the Corporations Act, the following information is provided in relation to the proposed issue of the Incentive Options:

- (a) **Identity of the related parties to whom Resolution 8(a) to (c) (inclusive) permit financial benefits to be given**

The Incentive Options will be issued to Messrs Gary Berrell, Grant Mooney, and Jonathan Young or their respective nominees.

- (b) **Nature of the financial benefit**

Resolution 8(a) to (c) (inclusive) seeks approval from Shareholders to allow the Company to issue the Incentive Options in the amounts specified in Section 11.1 above to the Directors or their nominees. The Incentive Options are to be issued in accordance with the Plan and otherwise on the terms and conditions in Schedule 4.

The Shares to be issued upon exercise of the Incentive Options will be fully paid ordinary shares in the capital of the Company on the same terms and conditions as the Company's existing Shares and will rank equally in all respects with the Company's existing Shares. The Company will apply for official quotation of the Shares on ASX.

(c) **Valuation of financial benefit**

A valuation of the Incentive Options is in Schedule 5, with a summary for each Director in Section 11.3(g) above.

(d) **Remuneration of Directors**

The total annual remuneration arrangements current for each of the Directors as at the date of this Notice are set out in Section 11.3(c) above.

(e) **Existing relevant interests**

At the date of this Notice, the Directors hold the following relevant interests in Equity Securities of the Company:

Director	Shares	Options		
		Number	Exercise price	Expiry date
Gary Berrell	2,713,585	1,000,000	\$0.08	16 November 2020
		1,000,000	\$0.09	16 November 2020
		1,000,000	\$0.10	16 November 2020
Grant Mooney	5,358,795	1,000,000	\$0.08	16 November 2020
		1,000,000	\$0.09	16 November 2020
		1,000,000	\$0.10	16 November 2020
Jonathan Young	8,587,249	1,000,000	\$0.08	16 November 2020
		1,000,000	\$0.09	16 November 2020
		1,000,000	\$0.10	16 November 2020

Assuming that each of the resolutions which form part of Resolution 8 are approved by Shareholders, all of the Incentive Options are issued, vested and exercised into Shares, and no other Equity Securities are issued or exercised, the respective interests of the Directors in the Company would be as follows:

- (i) Gary Berrell's interest would represent approximately 1.2% of the Company's expanded capital;
- (ii) Grant Mooney's interest would represent approximately 1.6% of the Company's expanded capital; and
- (iii) Jonathan Young's interest would represent approximately 2.1% of the Company's expanded capital.

(f) **Trading history**

The highest and lowest closing market sale prices of the Shares on ASX during the 12 months prior to the date of this Notice were:

Highest: \$0.031 per Share on 10 August 2020

Lowest: \$0.01 per Share on 17 March 2020

The latest available closing market sale price of the Shares on ASX prior to the date of this Notice was \$0.023 per Share on 8 October 2020.

(g) **Dilution**

The issue of the Incentive Options will have a diluting effect on the percentage interest of existing Shareholders' holdings if the Incentive Options vest and are exercised. The potential dilution effect is summarised below:

Incentive Options	Dilutionary effect
Class A	1.7%
Class B	1.2%

The above table assumes the current Share capital structure as at 8 October 2020 (being 674,608,101 Shares) and that no Shares are issued other than the Shares issued on exercise of the Incentive Options. The exercise of all of the Incentive Options will result in a total dilution of all other Shareholders' holdings of 2.9% on a fully diluted basis (assuming that all Incentive Options are exercised). The actual dilution will depend on the extent that additional Shares are issued by the Company.

(h) **Corporate governance**

The Board acknowledges the grant of the Incentive Options to the non-executive Directors, Messrs Gary Merrell, Grant Mooney and Jonathan Young is contrary to Recommendation 8.2 of the 3rd and 4th editions of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations. However, the Board considers the grant of Incentive Rights to the non-executive Directors reasonable in the circumstances for the reasons set out in Section 11.1.

(i) **Taxation consequences**

There are no taxation consequences for the Company arising from the issue of the Incentive Options (including fringe benefits tax).

(j) **Director recommendations**

The Directors decline to make a recommendation to Shareholders in relation to Resolution 8 due to their personal interest in the outcome of the Resolution.

(k) **Other information**

The Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolution 8(a) to (c) (inclusive).

11.6 **Additional information**

Resolution 8(a) to (c) (inclusive) are ordinary resolutions.

For personal use only

## Schedule 1 Definitions

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

<b>\$ or A\$</b>	means Australian Dollars.
<b>10% Placement Facility</b>	has the meaning given in Section 6.
<b>10% Placement Period</b>	has the meaning given in Section 6.1(f).
<b>Annual Report</b>	means the Directors' Report, the Financial Report, and Auditor's Report, in respect to the year ended 30 June 2020.
<b>Article</b>	means an article of the Constitution.
<b>ASX</b>	means the ASX Limited (ABN 98 008 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX Limited.
<b>Auditor's Report</b>	means the auditor's report on the Financial Report.
<b>Board</b>	means the board of Directors.
<b>Chair</b>	means the person appointed to chair the Meeting of the Company convened by the Notice.
<b>Closely Related Party</b>	means: <ul style="list-style-type: none"><li>(a) a spouse or child of the member; or</li><li>(b) has the meaning given in section 9 of the Corporations Act.</li></ul>
<b>Company</b>	Means Barra Resources Limited ACN 093 396 859.
<b>Constitution</b>	means the constitution of the Company as at the date of the Meeting.
<b>Corporations Act</b>	means the <i>Corporations Act 2001</i> (Cth).
<b>Director</b>	means a director of the Company.
<b>Directors' Report</b>	means the annual directors' report prepared under Chapter 2M of the Corporations Act for the Company and its controlled entities.
<b>Equity Security</b>	has the same meaning as in the Listing Rules.
<b>Explanatory Memorandum</b>	means the explanatory memorandum which forms part of the Notice.
<b>Financial Report</b>	means the annual financial report prepared under Chapter 2M of the Corporations Act for the Company and its controlled entities.
<b>Incentive Options</b>	means up to 18,000,000 Options to be issued to the Directors on the terms and conditions in Schedule 4, which are the subject of Resolution 8(a) to (c) (inclusive).

<b>Key Management Personnel</b>	has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any Director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.
<b>Lead Manager</b>	means Canaccord Genuity (Australia) Limited (ACN 075 071 466).
<b>Lead Manager Options</b>	means 15,000,000 Options issued to the Lead Manager on the terms and conditions set out in Schedule 2 which are the subject of Resolution 5.
<b>Listing Rules</b>	means the listing rules of ASX.
<b>Meeting</b>	has the meaning given in the introductory paragraph of the Notice.
<b>Minimum Issue Price</b>	has the meaning given in Section 6.1(e).
<b>Notice</b>	means this notice of annual general meeting.
<b>Option</b>	means an option to acquire a Share.
<b>Placement</b>	has the meaning given in Section 6.2.
<b>Placement Shares</b>	means the 78,092,361 Shares issued under the Placement, which are the subject of Resolution 4.
<b>Plan</b>	means the Company's Employee Securities Incentive Plan which is the subject of Resolution 6, a summary of which is in Schedule 3.
<b>Proxy Form</b>	means the proxy form attached to the Notice.
<b>Remuneration Report</b>	means the remuneration report of the Company contained in the Directors' Report.
<b>Resolution</b>	means a resolution referred to in the Notice.
<b>Schedule</b>	means a schedule to the Notice.
<b>Section</b>	means a section of the Explanatory Memorandum.
<b>Securities</b>	means any Equity Securities of the Company (including Shares, Options and/or performance rights).
<b>Share</b>	means a fully paid ordinary share in the capital of the Company.
<b>Shareholder</b>	means the holder of a Share.
<b>Strike</b>	means a 'no' vote of 25% or more on the resolution approving the Remuneration Report.

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**Trading Day**

has the meaning given in the Listing Rules.

**VWAP**

means volume weighted average market price.

**WST**

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



## Schedule 2 Terms and conditions of Lead Manager Options

The terms of the Lead Manager Options (**Options**) are as follows:

1. (**Entitlement**): Each Option entitles the holder (**Holder**) to subscribe for one fully paid ordinary share (**Share**) in the issued capital of the Company upon exercise of the Option.
2. (**Issue Price**): No cash consideration is payable for the issue of the Options.
3. (**Exercise Price**): The Options have an exercise price of \$0.03 each (**Exercise Price**).
4. (**Expiry Date**): The Options expire at 5:00pm (WST) on the date that is two years after their issue (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
5. (**Exercise Period**): The Options are exercisable at any time and from time to time on or prior to the Expiry Date.
6. (**Notice of Exercise**): The Options may be exercised by notice in writing to the Company in the manner specified on the Option certificate or as otherwise agreed with the Company (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.
7. (**Exercise Date**): A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).
8. (**Timing of issue of Shares on exercise**): Within 5 business days after the Exercise Date, the Company will:
  - (a) allot and issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
  - (b) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act; and
  - (c) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If the Company is unable to deliver a notice under paragraph 8(b) or such a notice for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company will lodge with ASIC a "cleansing prospectus" prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors. Where a "cleansing prospectus" is required, any Shares issued on exercise of Options will be subject to a holding lock until such time as a prospectus is

issued by the Company. The Company must issue the prospectus by no later than 30 days after the date of issue of the Shares, or such later date as is agreed with the Holder.

9. **(Shares issued on exercise)**: Shares issued on exercise of the Options rank equally with the then Shares of the Company.
10. **(Quotation of the Options)**: The Company will not apply for quotation of the Options on ASX, unless the Board resolves otherwise in its sole discretion.
11. **(Transferability of the Options)**: The Options are transferable with the prior written approval of the Company.
12. **(Reconstruction of capital)**: If at any time the issued capital of the Company is reconstructed, all rights of an Option holder are to be changed in a manner consistent with the Corporations Act and the Listing Rules at the time of the reconstruction.
13. **(Adjustment for bonus issues)**: 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 an Option will be increased by the number of Shares which the holder would have received if the holder of the Options had exercised the Option before the record date for the bonus issue; and
  - (b) no change will be made to the Exercise Price.
14. **(Participation in new issues)**: There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.
15. **(Change of Control)**: Upon the occurrence of:
- (a) a takeover bid under Chapter 6 of the Corporations Act having been made in respect of the Company and:
    - (i) having received acceptances for greater than 50% of the Company's shares on issue; and
    - (ii) having been declared unconditional by the bidder;
  - (b) any person acquires a Relevant Interest (as defined in the Corporations Act) more than 50% of the Shares by any other means; or
  - (c) any merger transaction or scheme of arrangement is recommended by the Board and where such transaction would have the effect contemplated in paragraph (a) above,

**(Change of Control Event)** or the Board determines that such an event is likely to occur, the Board may in its discretion determine the manner in which any or all of the Options will be dealt with, including, without limitation, in a manner that allows the holder of the Options to

participate in and/or benefit from any transaction arising from or in connection with the Change of Control Event.

16. **(Constitution)**: Upon the issue of Shares on exercise of the Options, the Holder agrees to be bound by the Company's Constitution.

## Schedule 3 Summary of Barra Resources Employee Securities Incentive Plan

A summary of the key terms of the Plan is set out below:

17. **(Eligible Participant):** Eligible Participant means a person that:
- (a) is an 'eligible participant' (as that term is defined in ASIC Class Order [CO 14/1000]) in relation to the Company or an Associated Body Corporate (as that term is defined in ASIC Class Order [14/1000]); and
  - (b) has been determined by the Board to be eligible to participate in the Plan from time to time.
18. **(Purpose):** The purpose of the Plan is to:
- (a) assist in the reward, retention and motivation of Eligible Participants;
  - (b) link the reward of Eligible Participants to Shareholder value creation; and
  - (c) align the interests of Eligible Participants with shareholders of the Group (being the Company and each of its Associated Bodies Corporate), by providing an opportunity to Eligible Participants to receive an equity interest in the Company in the form of Securities.
19. **(Plan administration):** The Plan will be administered by the Board. The Board may exercise any power or discretion conferred on it by the Plan rules in its sole and absolute discretion. The Board may delegate its powers and discretion.
20. **(Eligibility, invitation and application):** The Board may from time to time determine that an Eligible Participant may participate in the Plan and make an invitation to that Eligible Participant to apply for Securities on such terms and conditions as the Board decides. On receipt of an Invitation, an Eligible Participant may apply for the Securities the subject of the invitation by sending a completed application form to the Company. The Board may accept an application from an Eligible Participant in whole or in part. If an Eligible Participant is permitted in the invitation, the Eligible Participant may, by notice in writing to the Board, nominate a party in whose favour the Eligible Participant wishes to renounce the invitation.
21. **(Grant of Securities):** The Company will, to the extent that it has accepted a duly completed application, grant the Participant the relevant number of Securities, subject to the terms and conditions set out in the invitation, the Plan rules and any ancillary documentation required.
22. **(Terms of Convertible Securities):** Each 'Convertible Security' represents a right to acquire one or more Shares (for example, under an option or performance right), subject to the terms and conditions of the Plan. Prior to a Convertible Security being exercised a Participant does not have any interest (legal, equitable or otherwise) in any Share the subject of the Convertible Security by virtue of holding the Convertible Security. A Participant may not sell, assign, transfer, grant a security interest over or otherwise deal with a Convertible Security that has been granted to them. A Participant must not enter into any arrangement for the purpose of hedging their economic exposure to a Convertible Security that has been granted to them.

23. **(Vesting of Convertible Securities):** Any vesting conditions applicable to the grant of Convertible Securities will be described in the invitation. If all the vesting conditions are satisfied and/or otherwise waived by the Board, a vesting notice will be sent to the Participant by the Company informing them that the relevant Convertible Securities have vested. Unless and until the vesting notice is issued by the Company, the Convertible Securities will not be considered to have vested. For the avoidance of doubt, if the vesting conditions relevant to a Convertible Security are not satisfied and/or otherwise waived by the Board, that Convertible Security will lapse.

24. **(Exercise of Convertible Securities and cashless exercise):** To exercise a Convertible Security, the Participant must deliver a signed notice of exercise and, subject to a cashless exercise of Convertible Securities (see below), pay the exercise price (if any) to or as directed by the Company, at any time prior to the earlier of any date specified in the vesting notice and the expiry date as set out in the invitation. At the time of exercise of the Convertible Securities, subject to Board approval at that time, the Participant may elect not to be required to provide payment of the exercise price for the number of Convertible Securities specified in a notice of exercise, but that on exercise of those Convertible Securities the Company will transfer or issue to the Participant that number of Shares equal in value to the positive difference between the Market Value of the Shares at the time of exercise and the exercise price that would otherwise be payable to exercise those Convertible Securities.

'Market Value' means, at any given date, the volume weighted average price per Share traded on the ASX over the five trading days immediately preceding that given date, unless otherwise specified in an invitation.

A Convertible Security may not be exercised unless and until that Convertible Security has vested in accordance with the Plan rules, or such earlier date as set out in the Plan rules.

25. **(Delivery of Shares on exercise of Convertible Securities):** As soon as practicable after the valid exercise of a Convertible Security by a Participant, the Company will issue or cause to be transferred to that Participant the number of Shares to which the Participant is entitled under the Plan rules and issue a substitute certificate for any remaining unexercised Convertible Securities held by that Participant.

26. **(Forfeiture of Convertible Securities):** Where a Participant who holds Convertible Securities ceases to be an Eligible Participant or becomes insolvent, all unvested Convertible Securities will automatically be forfeited by the Participant, unless the Board otherwise determines in its discretion to permit some or all of the Convertible Securities to vest. Where the Board determines that a Participant has acted fraudulently or dishonestly, or wilfully breached his or her duties to the Group, the Board may in its discretion deem all unvested Convertible Securities held by that Participant to have been forfeited.

Unless the Board otherwise determines, or as otherwise set out in the Plan rules:

- (a) any Convertible Securities which have not yet vested will be forfeited immediately on the date that the Board determines (acting reasonably and in good faith) that any applicable vesting conditions have not been met or cannot be met by the relevant date; and
- (b) any Convertible Securities which have not yet vested will be automatically forfeited on the expiry date specified in the invitation.

27. **(Change of control):** If a change of control event occurs in relation to the Company, or the Board determines that such an event is likely to occur, the Board may in its discretion

determine the manner in which any or all of the Participant's Convertible Securities will be dealt with, including, without limitation, in a manner that allows the Participant to participate in and/or benefit from any transaction arising from or in connection with the change of control event.

28. **(Rights attaching to Plan Shares):** All Shares issued under the Plan, or issued or transferred to a Participant upon the valid exercise of a Convertible Security, (**Plan Shares**) will rank pari passu in all respects with the Shares of the same class. A Participant will be entitled to any dividends declared and distributed by the Company on the Plan Shares and may participate in any dividend reinvestment plan operated by the Company in respect of Plan Shares. A Participant may exercise any voting rights attaching to Plan Shares.
29. **(Disposal restrictions on Plan Shares):** If the invitation provides that any Plan Shares are subject to any restrictions as to the disposal or other dealing by a Participant for a period, the Board may implement any procedure it deems appropriate to ensure the compliance by the Participant with this restriction.

For so long as a Plan Share is subject to any disposal restrictions under the Plan, the Participant will not:

- (a) transfer, encumber or otherwise dispose of, or have a security interest granted over that Plan Share; or
  - (b) take any action or permit another person to take any action to remove or circumvent the disposal restrictions without the express written consent of the Company.
30. **(Adjustment of Convertible Securities):** If there is a reorganisation of the issued share capital of the Company (including any subdivision, consolidation, reduction, return or cancellation of such issued capital of the Company), the rights of each Participant holding Convertible Securities will be changed to the extent necessary to comply with the Listing Rules applicable to a reorganisation of capital at the time of the reorganisation. If Shares are issued by the Company by way of bonus issue (other than an issue in lieu of dividends or by way of dividend reinvestment), the holder of Convertible Securities is entitled, upon exercise of the Convertible Securities, to receive an allotment of as many additional Shares as would have been issued to the holder if the holder held Shares equal in number to the Shares in respect of which the Convertible Securities are exercised. Unless otherwise determined by the Board, a holder of Convertible Securities does not have the right to participate in a pro rata issue of Shares made by the Company or sell renounceable rights.
31. **(Participation in new issues):** There are no participation rights or entitlements inherent in the Convertible Securities and holders are not entitled to participate in any new issue of Shares of the Company during the currency of the Convertible Securities without exercising the Convertible Securities.
32. **(Amendment of Plan):** Subject to the following paragraph, the Board may at any time amend any provisions of the Plan rules, including (without limitation) the terms and conditions upon which any Securities have been granted under the Plan and determine that any amendments to the Plan rules be given retrospective effect, immediate effect or future effect.

No amendment to any provision of the Plan rules may be made if the amendment materially reduces the rights of any Participant as they existed before the date of the amendment, other than an amendment introduced primarily for the purpose of complying with legislation or to correct manifest error or mistake, amongst other things, or is agreed to in writing by all Participants.

33. **(Plan duration):** The Plan continues in operation until the Board decides to end it. The Board may from time to time suspend the operation of the Plan for a fixed period or indefinitely, and may end any suspension. If the Plan is terminated or suspended for any reason, that termination or suspension must not prejudice the accrued rights of the Participants.

If a Participant and the Company (acting by the Board) agree in writing that some or all of the Securities granted to that Participant are to be cancelled on a specified date or on the occurrence of a particular event, then those Securities may be cancelled in the manner agreed between the Company and the Participant.

## Schedule 4 Terms and Conditions of Incentive Options

The terms of the Incentive Options (**Options**) are as follows:

1. (**Entitlement**): Each Option entitles the holder (**Holder**) to subscribe for one fully paid ordinary share (**Share**) in the issued capital of the Company upon exercise of the Option.
2. (**Issue Price**): No cash consideration is payable for the issue of the Options.
3. (**Exercise Price**): The exercise price of the Options will be exercisable at \$0.035 (**Exercise Price**).
4. (**Expiry Date**): Each Option will expire at 5.00pm (WST) on a date that is three years from the date of issue (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
5. (**Exercise Period**): Upon vesting, the Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).
6. (**Vesting Conditions**)
  - (a) Class A: vesting immediately.
  - (b) Class B: Vesting after 18 months of service as a director.
7. (**Notice of Exercise**): The Options may be exercised by notice in writing to the Company in the manner specified on the Option certificate or as otherwise agreed with the Company (Notice of Exercise) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.
8. (**Exercise Date**): A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).
9. (**Timing of issue of Shares on exercise**): Within 5 business days after the Exercise Date, the Company will:
  - (a) allot and issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
  - (b) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act; and
  - (c) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If the Company is unable to deliver a notice under paragraph 9(b) or such a notice for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company will lodge with ASIC a "cleansing prospectus" prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not



require disclosure to investors. Where a "cleansing prospectus" is required, any Shares issued on exercise of Options will be subject to a holding lock until such time as a prospectus is issued by the Company. The Company must issue the prospectus by no later than 30 days after the date of issue of the Shares, or such later date as is agreed with the Holder.

10. **(Shares issued on exercise):** Shares issued on exercise of the Options rank equally with the then Shares of the Company.
11. **(Quotation of the Options):** The Company will not apply for quotation of the Options on ASX, unless the Board resolves otherwise in its sole discretion.
12. **(Transferability of the Options):** The Options are transferable with the prior written approval of the Company.
13. **(Reconstruction of capital):** If at any time the issued capital of the Company is reconstructed, all rights of an Option holder are to be changed in a manner consistent with the Corporations Act and the Listing Rules at the time of the reconstruction.
14. **(Adjustment for bonus issues):** 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 an Option will be increased by the number of Shares which the holder would have received if the holder of the Options had exercised the Option before the record date for the bonus issue; and
  - (b) no change will be made to the Exercise Price.
15. **(Participation in new issues):** There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.
16. **(Constitution):** Upon the issue of Shares on exercise of the Options, the Holder agrees to be bound by the Company's Constitution.
17. **(Plan)** The Options are issued pursuant to and are subject to the Plan. In the event of conflict between a provision of these terms and conditions and the Plan, these terms and conditions prevail to the extent of that conflict.

## Schedule 5 Valuation of Incentive Options

The Incentive Options to be issued to the Directors pursuant to resolutions which form part of Resolution 8 have been valued according to the Black & Scholes valuation mode on the following assumptions:

Director	Gary Berrell		Grant Mooney		Jonathan Young	
	Class A	Class B	Class A	Class B	Class A	Class B
<b>Incentive Options</b>						
Assumed Share price at grant date	\$0.023	\$0.023	\$0.023	\$0.023	\$0.023	\$0.023
Exercise price	\$0.035	\$0.035	\$0.035	\$0.035	\$0.035	\$0.035
Market value on ASX of underlying Shares at time of setting exercise price	\$0.023	\$0.023	\$0.023	\$0.023	\$0.023	\$0.023
Exercise price premium to market value	\$0.012	\$0.012	\$0.012	\$0.012	\$0.012	\$0.012
Expiry date	3 years	3 years	3 years	3 years	3 years	3 years
Expected volatility	100%	100%	100%	100%	100%	100%
Risk free interest rate	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%
Annualised dividend yield	0	0	0	0	0	0
Value of each Incentive Option	\$0.0122	\$0.0122	\$0.0122	\$0.0122	\$0.0122	\$0.0122
Aggregate value of Incentive Options	\$48,800	\$24,400	\$48,800	\$24,400	\$48,800	\$24,400

Notes:

The valuations took into account the following matters:

1. The following Vesting Conditions apply to the Incentive Option:
  - (a) **Class A** Incentive Option: nil;
  - (b) **Class B** Incentive Option: vesting following 18 months of service as a director; and
2. Incentive Option with non-market based vesting conditions can only be exercised following the satisfaction of the Vesting Condition, a change of control or winding up occurring, or a takeover bid becoming unconditional.
3. The Directors have assessed the likelihood of the Vesting Condition for the Incentive Option being achieved as:
  - (a) 100% for the **Class A** Incentive Option;
  - (b) 100% for the **Class B** Incentive Option, subject to the Vesting Condition for the **Class A** Incentive Option being satisfied, thus giving a multiplicative likelihood of 100%; and
4. The valuation of Incentive Option assumes that the exercise of a right does not affect the value of the underlying asset.
5. The Share price used is based on the closing price on 8 October 2020, being \$0.023.