

# MICRO-X

## Notice of Annual General Meeting & Explanatory Statement

Micro-X Limited ACN 153 273 735

**Held online:** via [https://us02web.zoom.us/webinar/register/WN\\_Juna6n0RR76S8II9bG1b7g](https://us02web.zoom.us/webinar/register/WN_Juna6n0RR76S8II9bG1b7g)  
with voting to be conducted at [web.lumiagm.com/377426520](http://web.lumiagm.com/377426520)

**Held on:** 18 November 2020

**Commencing:** 10.00am (Adelaide time)

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

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## Letter from the Chairman

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Dear Shareholders,

We are pleased to invite you to the 2020 Annual General Meeting of Micro-X Limited (**Company**). The Annual General Meeting will be held virtually on the online platform, Zoom webinar at [https://us02web.zoom.us/webinar/register/WN\\_Juna6n0RR76S8lI9bG1b7g](https://us02web.zoom.us/webinar/register/WN_Juna6n0RR76S8lI9bG1b7g) (please register to attend beforehand) with voting to be conducted at [web.lumiagm.com/377426520](http://web.lumiagm.com/377426520).

The business to be considered at the Annual General Meeting is provided in Part A of this Notice of Annual General Meeting and an Explanatory Statement in relation to each of the proposed Resolutions is provided in Part D of this Notice of Annual General Meeting.

In addition to the general business at this Annual General Meeting, I would like to note that Shareholders are being asked to approve the adoption of an Employee Equity Plan and Employee Gift Plan (together, the **Employee Incentive Plan**), which provides for the issue of securities to employees and Directors over a three year period, on the achievement of certain milestones in the case of the Employee Equity Plan. This Employee Incentive Plan has been prepared with input from specialist remuneration consultants, consistent with the Company's remuneration strategy to link reward to the performance and delivery of medium to long term results for the Company's shareholders. The proposed Employee Incentive Plan comprises:

- *Long term incentives*, in the form of:
  - service rights for all eligible employees which vest based on service conditions, creating an alignment of equity interests between all employees and Shareholders; and
  - performance rights for the Company's leadership team which vest based upon the achievement of Total Shareholder Return targets over the vesting period;
- *Short term incentives*, in the form of performance rights for the Company's leadership team, based on the achievement of milestones and key performance indicators set and measured by the Board each year; and
- *A gift of Shares to employees*, in the form of \$1000 worth of Shares for all eligible employees, creating a base of ownership across all employees in the Company. The Employee Gift Plan does not apply to the Company's leadership team.

At this time, Peter Rowland – Managing Director is the only Director being granted rights under the Plan.

This Employee Incentive Plan is designed to promote alignment of interests and value creation between all employees and our Shareholders.

Due to the COVID-19 pandemic, the Company has taken significant steps to ensure that Shareholders can participate in the Annual General Meeting virtually while maintaining their health and safety, and abiding by Federal and State Government requirements and guidelines regarding COVID-19. Shareholders will not be able to attend the Annual General Meeting in person, however the Company encourages all Shareholders to participate in the Annual General Meeting via the online platform at [https://us02web.zoom.us/webinar/register/WN\\_Juna6n0RR76S8lI9bG1b7g](https://us02web.zoom.us/webinar/register/WN_Juna6n0RR76S8lI9bG1b7g) (please register to attend beforehand) with voting to be conducted at [web.lumiagm.com/377426520](http://web.lumiagm.com/377426520). Further information on how to do this is set out at Part B of this Notice of Annual General Meeting and the online meeting user guide at [www.computershare.com.au/onlinevotingguide](http://www.computershare.com.au/onlinevotingguide) and attached to this Notice of Annual General Meeting. Shareholders will be able to hear and view the Annual General Meeting on their own computer, vote on Resolutions and ask questions.

In addition, whilst Shareholders will be able to vote online during the Annual General Meeting, you are encouraged to lodge a proxy ahead of the Annual General Meeting. Shareholders can vote by proxy by completing the enclosed Proxy Form and returning it by fax or in the envelope provided. Instructions on how to appoint a proxy are detailed on the Proxy Form. Proxies must be received no later than 10.00am (Adelaide time) on 16 November 2020 to be valid for the Annual General Meeting.

Please read the whole of this booklet carefully as it provides important information on the Annual General Meeting, items of business and the Resolutions that you, as a Shareholder, are being asked to vote on.

Should you wish to discuss the matters in this Notice of Annual General Meeting please do not hesitate to contact the Company Secretary, Mr Kingsley Hall, on +61 8 7099 3966.

Dated: 16 October 2020

Yours sincerely



Patrick O'Brien  
**Chairman**  
**Micro-X Limited**

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## Part A – Notice of Annual General Meeting

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### ***Time and place***

Notice is hereby given that the Annual General Meeting of the Company will be held as follows:

Held online: via [https://us02web.zoom.us/webinar/register/WN\\_Juna6n0RR76S8II9bG1b7g](https://us02web.zoom.us/webinar/register/WN_Juna6n0RR76S8II9bG1b7g)  
with voting to be conducted at [web.lumiagm.com/377426520](http://web.lumiagm.com/377426520).

Commencing at: 10.00am (Adelaide time) on 18 November 2020.

### ***Explanatory Statement***

The Explanatory Statement which accompanies and forms part of this Notice of Annual General Meeting describes the matters to be considered at the Annual General Meeting.

### ***Defined terms***

Defined terms used in this Notice of Annual General Meeting have the meanings given to them in the Glossary accompanying this Notice of Annual General Meeting at Part C.

## **ORDINARY BUSINESS**

### **1. Agenda Item 1 - Resolutions**

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#### ***Receipt and consideration of accounts and reports***

To receive and consider the financial report of the Company and the related reports of the Directors (including the Remuneration Report) and the Auditor, for the year ended 30 June 2020.

*Note: Except as set out in Resolution 1, there is no requirement for Shareholders to approve these reports. Accordingly, no resolution will be put to Shareholders on this item of business.*

#### ***Resolution 1: Adoption of Remuneration Report***

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

*“That for the purpose of Section 250R(2) of the Corporations Act and for all other purposes, the Remuneration Report (included in the Directors' Report) for the financial year ended 30 June 2020 be adopted.”*

*Note: In accordance with the Corporations Act, this resolution is advisory only and does not bind the Company or the Directors of the Company. The Directors will consider the outcome of the vote and comments made by Shareholders on the Remuneration Report at the meeting when reviewing the Company's remuneration policies.*

#### **Voting exclusion:**

The Company will disregard any votes cast on this resolution (in any capacity) by or on behalf of a member of the Key Management Personnel (being those persons described as such in the Remuneration Report) and a closely related party of such a member and by a proxy who is a member or a closely related party of such Key Management Personnel. However, the Company need not disregard a vote if it is cast by a person (including the Key Management Personnel or their closely related parties) as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form or it is cast by a person chairing the meeting as proxy for a person who is entitled to vote, where the proxy form does not specify the way the proxy is to vote on this resolution but expressly authorises the person chairing the meeting to exercise the proxy even if this resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

Any undirected proxies held by Directors or other Key Management Personnel or their closely related parties for the purposes of Resolution 1 (excluding the Chairman) will not be voted on Resolution 1. Accordingly, if you intend to appoint a member of Key Management Personnel as your proxy, please ensure that you direct them how to vote. If you intend to appoint the Chairman of the meeting as your proxy, you can direct him to vote by marking the box for Resolution 1. By marking the Chairman's box on the proxy form, you acknowledge that the Chairman of the meeting will vote in favour of this item of business as your proxy. The Chairman will vote undirected proxies in favour of Resolution 1.

**Resolution 2: Re-election of Mr Patrick O'Brien as a Director of the Company**

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

*"That Mr Patrick O'Brien, being a Director who retires pursuant to the Constitution of the Company and being eligible for re-election, offers himself for re-election, is hereby re-elected as a Director of the Company."*

**Voting exclusion:**

There are no voting exclusions on this resolution.

**Resolution 3: Re-election of Mr David Knox as a Director of the Company**

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

*"That Mr David Knox, being a Director who was appointed by the Company's directors on 7 April 2020 pursuant to the Constitution of the Company and being eligible for re-election, offers himself for re-election, is hereby re-elected as a Director of the Company."*

**Voting exclusion:**

There are no voting exclusions on this resolution.

**Resolution 4: Ratification of issue of the Placement Shares**

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

*"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of the Placement Shares on the terms and conditions set out in the Explanatory Statement."*

**Voting exclusion:**

The Company will disregard any votes cast in favour of this resolution by or on behalf of a person who participated in the issue of the Placement Shares, and any associate of that person or those persons. However, the Company need not disregard a vote cast in favour of the resolution by:

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

**Resolution 5: Approval of Employee Incentive Plan**

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

*"That, for the purposes of ASX Listing Rule 7.2 (Exception 13) and for all other purposes, Shareholders approve the Employee Equity Plan and Employee Gift Plan (together, the **Employee Incentive Plan**), and the grant of Incentive Securities and the issue of underlying securities under the Employee Incentive Plan, on the terms and conditions set out in the Explanatory Statement."*

**Voting exclusion:**

The Company will disregard any votes cast in favour of this resolution by or on behalf of a person who is eligible to participate in the Employee Incentive Plan or any associate of that person or those persons. However, the Company need not disregard a vote cast in favour of the resolution by:

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

**Voting prohibition statement:**

A person appointed as a proxy must not vote, on the basis of that appointment, on this resolution if:

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

However, the above prohibition does not apply if:

- the proxy is the chair; and
- 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.

**Note: Given the Directors are eligible to participate in the Employee Equity Plan, the Directors will not be voting on this Resolution.**

**Resolution 6: Approval of issue of Performance Rights and Service Rights to Mr Peter Rowland under the Employee Equity Plan**

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

*"That, for the purposes of ASX Listing Rule 10.14, sections 200B and 200E of the Corporations Act and for all other purposes, Shareholders approve the issue of Performance Rights and Service Rights to Mr Peter Rowland (or his nominee) under the Employee Equity Plan on the terms and conditions set out in the Explanatory Statement."*

**Voting exclusion:**

The Company will disregard any votes cast in favour of this resolution by or on behalf of Mr Peter Rowland, or any associates of Mr Rowland (**Resolution 6 Excluded Party**). However, the Company need not disregard a vote cast in favour of the resolution by:

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

**Voting prohibition statement:**

A person appointed as a proxy must not vote, on the basis of that appointment, on this resolution if:

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

Provided the chair is not a Resolution 6 Excluded Party, the above prohibition does not apply if:

- the proxy is the chair; and
- 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.

**Resolution 7: Approval of 10% Placement Capacity**

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

*“That, pursuant to and in accordance with ASX Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2, over a 12 month period from the date of the Annual General Meeting, at a price not less than that determined pursuant to ASX Listing Rule 7.1A.3 and on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Annual General Meeting.”*

**Voting exclusion:**

The Company will disregard votes cast in favour in respect of the resolution by a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) or any of their respective associates.

The Company will not disregard a vote on this resolution if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides. If you intend to appoint the Chairman of the meeting as your proxy, you can direct him to vote by marking the box for Resolution 7. By marking the Chairman's box on the proxy form, you acknowledge that the Chairman of the meeting will vote in favour of this item of business as your proxy. The Chairman will vote undirected proxies in favour of Resolution 7.

At the date of the Notice of Annual General Meeting, the Company has not approached any particular existing Shareholders or security holders to participate in an issue of the Equity Securities. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice of Annual General Meeting.

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## Part B – How to vote

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If you are entitled to vote at the Annual General Meeting, you may vote by attending the meeting virtually or by attorney, proxy or, in the case of corporate shareholders, corporate representative.

### 1. How to vote

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You may vote in one of two ways:

- attending the meeting and voting virtually (if a corporate shareholder, by representative); and
- voting by proxy (see below on how to vote by proxy).

### 2. Your vote is important

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

### 3. Corporations

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To vote at the Annual General Meeting, a Shareholder that is a corporation must appoint an individual to act as its representative. The appointment must comply with section 250D of the Corporations Act. Evidence of the appointment of a corporate representative must be lodged with the Company before the Annual General Meeting.

Alternatively, a corporation may appoint a proxy.

### 4. Virtual participation

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Due to the COVID-19 pandemic, Shareholders will not be able to attend the Annual General Meeting in person, however the Company encourages all Shareholders to participate in the Annual General Meeting via the online platform, Zoom webinar at [https://us02web.zoom.us/webinar/register/WN\\_Juna6n0RR76S8II9bG1b7g](https://us02web.zoom.us/webinar/register/WN_Juna6n0RR76S8II9bG1b7g).

Shareholders who wish to participate in the Annual General Meeting online may do so by registering via the above link. After registering, you will receive a confirmation email containing information about joining the webinar.

If you choose to participate in the meeting this way, you will be able to view the Annual General Meeting live, lodge a direct vote in real time and ask questions online.

Shareholders will also have the ability to submit questions prior to the Annual General Meeting by emailing their questions to [agmquestion@micro-x.com](mailto:agmquestion@micro-x.com) at least 48 hours before the Annual General Meeting.

To vote online during the meeting you will need to visit [web.lumiagm.com/377426520](http://web.lumiagm.com/377426520) on your smartphone, tablet or computer. You will need the latest versions of Chrome, Safari, Internet Explorer 11, Edge or Firefox. Please ensure your browser is compatible. For further instructions on how to participate online please view the online meeting user guide at [www.computershare.com.au/onlinevotingguide](http://www.computershare.com.au/onlinevotingguide) and attached to this Notice of Annual General Meeting (**User Guide**).

Shareholders participating in the Annual General Meeting using the online platform will be able to cast direct votes between the commencement of the Annual General Meeting at 10.00am Adelaide time on 18 November 2020 and the closure of voting as announced by the Chairman during the Annual General Meeting.

Shareholders who elect to participate at the Annual General Meeting using the online platform will:

- be counted as being present at the meeting for any purpose, including the purpose of determining whether there is a quorum;
- be able to ask questions or make comments; and
- be able to vote on resolutions they are entitled to vote on.

More information regarding online participation at the Annual General Meeting (including how to vote and ask questions online during the Annual General Meeting) is available in the User Guide. The User Guide is attached to this Notice of Annual General Meeting and will be lodged with the ASX and available on our website.

## 5. Voting by proxy

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To vote by proxy, 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.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder; and
- a Shareholder who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the Shareholder appoints two proxies and the appointment does not specify the proportion or number of the Shareholder's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chairman, who must vote the proxies as directed. Further details on these changes are set out below.

### ***Proxy vote if appointment specifies way to vote***

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, if it does:

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and
- if the proxy has two or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on, the proxy must vote on a poll, and must vote that way (ie as directed); and
- if the proxy is not the chair, the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (ie as directed).

### ***Transfer of non-chair proxy to chair in certain circumstances***

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and

- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
  - the proxy is not recorded as attending the meeting; or
  - the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

## **6. Eligibility to vote**

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The Directors have determined pursuant to Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Annual General Meeting are those that are registered Shareholders at 7:00pm (Adelaide time) on 16 November 2020. If you are not the registered holder of a relevant Share at that time you will not be entitled to vote in respect of that Share.

## **7. Voting procedure**

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Every question arising at this Annual General Meeting will be decided by a poll. Every person entitled to vote who is present virtually, or by proxy, representative or attorney will have one vote for each voting Share held by that person.

## **8. Enquiries**

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For all enquiries, please contact the Company Secretary, Mr Kingsley Hall, on +61 8 7099 3966.

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## Part C – Glossary

\$	Australian dollars.
10% Placement Capacity	ASX Listing Rule 7.1A enables eligible entities to issue up to 10% of its issued capital through placements over a 12-month period after the annual general meeting – refer to section 8.1 of the Explanatory Statement.
10% Placement Period	ASX Listing Rule 7.1A sets out the time period under which shareholder approval of the 10% Placement Capacity remains valid – refer to section <b>Error! Reference source not found.</b> of the Explanatory Statement.
15% Placement Capacity	ASX Listing Rule 7.1 limits, subject to certain exceptions, an entity from issuing or agreeing to issue more equity securities in a 12 month period to that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of the 12 month period – refer to section 5.2 of the Explanatory Statement.
Adelaide time	Australian Central Daylight Savings Time in Adelaide, South Australia.
Annual General Meeting	The Annual General Meeting of Shareholders to be held on 18 November 2020.
Annual Report	The Directors' Report, the Financial Report, and Auditor's Report, in respect of the year ended 30 June 2020.
Auditor's Report	The Auditor's Report in the Financial Report.
Auditor	The Company's auditor from time to time being Grant Thornton as at the date of the Notice of Annual General Meeting and for the Financial Report.
ASIC	Australian Securities and Investments Commission.
ASX	The Australian Securities Exchange operated by ASX Limited.
ASX Listing Rules	The listing rules of the ASX.
Board	The board of directors of the Company.
Chairman	The chairman of the Company, Mr Patrick O'Brien, who will also act as the chairman of the Annual General Meeting.
Closely Related Party	Has the meaning given to that term in section 9 of the Corporations Act.
Company	Micro-X Limited ACN 153 273 735.
Company Secretary	The company secretary of the Company, Mr Kingsley Hall.
Constitution	The constitution of the Company.
Corporations Act	The <i>Corporations Act 2001</i> (Cth) for the time being in force together with the regulations of that act.
Directors	The directors of the Company.
Directors' Report	The annual directors' report prepared under chapter 2M of the Corporations Act for the Company and its controlled entities.
Employee Equity Plan	The Company's employee incentive plan which provides eligible employees with the opportunity to acquire Performance Rights and Service Rights.
Employee Gift Plan	The Company's employee incentive plan which provides eligible employees with the opportunity to acquire Shares up to an aggregate maximum value of AUD \$1,000.
Employee Incentive Plan	The Company's plan to provide incentives to eligible employees as detailed in section 6.1 of the Explanatory Statement, comprising the Employee Equity Plan and the Employee Gift Plan.

<b>Equity Securities</b>	Has the meaning given to that term in section <b>Error! Reference source not found.</b> of the Explanatory Statement.
<b>Explanatory Statement</b>	The explanatory statement accompanying the Notice of Annual General Meeting and contained in Part D of this booklet.
<b>Financial Report</b>	The financial report for the year ended 30 June 2020, prepared under Chapter 2M of the Corporations Act for the Company and its controlled entities.
<b>Glossary</b>	The glossary contained in Part C of this booklet.
<b>Incentive Securities</b>	Has the meaning given to that term in section 6.1 of the Explanatory Statement.
<b>Key Management Personnel</b>	Persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director of the Company (executive and non-executive). The Key Management Personnel at 30 June 2020 are listed in the Remuneration Report and include: <ul style="list-style-type: none"> <li>• Peter Rowland, CEO and Managing Director</li> <li>• Kingsley Hall, Chief Financial Officer and Company Secretary</li> <li>• Anthony Skeats, Engineering Manager</li> <li>• Brian Gonzales, Chief Scientist</li> <li>• Alexander Blackburn, Programs Manager</li> </ul>
<b>Notice of Annual General Meeting</b>	The notice of the Annual General Meeting accompanying the Explanatory Statement for the Annual General Meeting and contained in Part A of this booklet.
<b>Performance Rights</b>	Rights which are convertible into Shares subject to the satisfaction of certain performance conditions and the terms and conditions of issue set out in the Employee Equity Plan.
<b>Placement</b>	The placement of the Placement Shares which completed on or about 23 April 2020.
<b>Placement Shares</b>	37,503,054 Shares issued to sophisticated and/or professional and/or other investors at \$0.14 per Share, in accordance with sections 708(8), 708(10) and 708(11) of the Corporations Act.
<b>Proxy Form</b>	The proxy form accompanying this booklet.
<b>Remuneration Report</b>	The remuneration report of the Company for the year ended 30 June 2020 contained in the Directors' Report.
<b>Resolution(s)</b>	The resolution(s) contained in the Notice of Annual General Meeting.
<b>Service Rights</b>	Performance Rights which are convertible into Shares subject to the satisfaction of certain service conditions and the terms and conditions of issue set out in the Employee Equity Plan.
<b>Shareholders</b>	The holders of Shares and <b>Shareholder</b> means any one of them.
<b>Shares</b>	Fully paid ordinary shares on issue in the share capital of the Company and <b>Share</b> means any one of them.
<b>Total Shareholder Return or TSR</b>	The total shareholder return in a financial year.
<b>VWAP</b>	Volume weighted average price.

## Part D – Explanatory Statement

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This Explanatory Statement forms part of the Notice of Annual General Meeting convening the Annual General Meeting of Shareholders of the Company to be held online at [https://us02web.zoom.us/webinar/register/WN\\_Juna6n0RR76S8lI9bG1b7g](https://us02web.zoom.us/webinar/register/WN_Juna6n0RR76S8lI9bG1b7g) with voting to be conducted at [web.lumiagm.com/377426520](http://web.lumiagm.com/377426520), commencing at 10.00am (Adelaide time) on 18 November 2020.

This Explanatory Statement is to be read in conjunction with the Notice of Annual General Meeting.

### Purpose

The purpose of this Explanatory Statement is to provide information which the Directors believe is material to Shareholders in deciding whether or not to pass the Resolutions to be put forward in the Annual General Meeting.

The Directors recommend Shareholders read the Notice of Annual General Meeting and this Explanatory Statement in full before making any decisions relating to the Resolutions contained in the Notice of Annual General Meeting.

### Defined terms

Defined terms used in this Explanatory Statement have the meanings given to them in the Glossary accompanying this Explanatory Statement at Part C.

### Further information

If you have any queries in respect to any of the matters set out in this booklet, please contact the Company Secretary, Mr Kingsley Hall, on +61 8 7099 3966.

## 1. Receipt and consideration of accounts and reports

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A copy of the Annual Report for the financial year ending 30 June 2020 (which incorporates the Company's Financial Report, the Directors' Report (including the Remuneration Report) and the Auditor's Report) is not enclosed as there is no longer a requirement for the Company to incur the printing and distribution costs associated with doing so for all Shareholders.

You may obtain a copy free of charge in hard copy form by contacting the Company by phone at +61 8 7099 3966, and you may request that this occurs on a standing basis for future years. Alternatively, you may access the Annual Report at the Company's website: [www.micro-x.com](http://www.micro-x.com) or via the Company's announcement platform on ASX. Except for as set out in Resolution 1, no resolution is required on these reports.

## 2. Resolution 1 – Adoption of Remuneration Report

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### 2.1 Background

Section 250R(3) of the Corporations Act requires that a resolution to adopt the Remuneration Report must be put to the vote at the annual general meeting. The vote on this Resolution is advisory only and does not bind the Directors or the Company.

The Remuneration Report is set out in the Directors' Report in the Annual Report. The Remuneration Report sets out the Company's remuneration arrangements for the Directors and senior management of the Company.

In accordance with Section 250SA of the Corporations Act, Shareholders will be provided with a reasonable opportunity to ask questions concerning, or make comments on, the Remuneration Report at the annual general meeting.

The Corporations Act requires the Company to put a resolution to Shareholders that, in accordance with Division 9 of Part 2G.2 of the Corporations Act, if twenty five (25%) per cent or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive annual general meetings, Shareholders will be required to vote at the second of those annual general meetings on a resolution (a “spill resolution”) that another meeting be held within 90 days at which all of the Company’s Directors (other than the Managing Director) must go up for re-election.

## 2.2 Directors' recommendations and interests

Noting that each Director has a personal interest in their own remuneration from the Company (as such interests are described in the Remuneration Report) and, as described in the voting exclusions on this resolution (set out in the Notice of Annual General Meeting), that each Director (or any Closely Related Party of a Director) is excluded from voting their shares on this resolution, the Directors unanimously recommend that Shareholders vote in favour of Resolution 1 to adopt the Remuneration Report.

## 3. Resolution 2 – Re-election of Mr Patrick O'Brien as a Director of the Company

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### 3.1 Background

Clause 63.1 of the Constitution provides that any Director, who is not the Managing Director, who holds office for a continuous period in excess of three years or until the third annual general meeting following the Director's appointment or election, whichever is the longer, must submit for re-election.

As Mr Patrick O'Brien was re-elected as a Director at the Company's annual general meeting on 24 October 2017, he must retire at the conclusion of the Annual General Meeting. Being eligible, he offers himself for re-election.

Mr Patrick O'Brien is the Non-Executive Chairman of the Company. He is managing director of Patrick O'Brien & Associates, chairman of Howjack Holdings and a director of The Water & Carbon Group and O'Brien Capital. Patrick has over 30 years' business experience in Australia, the UK, Europe, Asia and the US, including as an executive director with Macquarie Group where he led teams in corporate finance (Melbourne 1996-2005) and private equity (London 2005-2009). In the latter role, Patrick was responsible for Macquarie's controlling stakes in, and chaired, large unlisted groups European Directories and National Grid Wireless. Prior to Macquarie, Patrick was a strategy consultant with McKinsey & Company and a lawyer with Minter Ellison.

Mr Patrick O'Brien is currently Chairman of the Board and is also a member of the Company's People and Remuneration Committee, and Audit and Risk Committee.

### 3.2 Directors' recommendations and interests

The Board (with Mr Patrick O'Brien abstaining), recommends that Shareholders vote in favour of the re-election of Mr Patrick O'Brien. The Chairman of the meeting intends to vote undirected proxies in favour of Mr Patrick O'Brien's election.

## 4. Resolution 3 – Re-election of Mr David Knox as a Director of the Company

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### 4.1 Background

Clause 62.1 of the Constitution provides that the Directors may appoint any person as a Director to fill a casual vacancy or as an addition to existing Directors. Clause 62.2 of the Constitution provides that, unless that Director is the Managing Director and the ASX Listing Rules do not require that Director to be subject to retirement, a Director appointed under clause 62.1 of the Constitution will hold office until the end of the next annual general meeting of the Company, at which the Director may be re-elected.

Mr David Knox was appointed by the Directors on 7 April 2020. Accordingly, being eligible, he offers himself for re-election.

Mr David Knox is a Non-Executive Director of the Company. Mr David Knox is a highly experienced and respected business leader with senior leadership, engineering and public markets expertise gained in multi-national, domestic and Commonwealth companies. He was previously the MD and CEO of Australian Naval Infrastructure (until April 2020), and MD and CEO of Santos (March 2008 until December 2015). Prior to this, he was MD for BP Developments in Australasia based in Perth (2003 until 2007), having also worked for BP in Pakistan as Business Unit Leader and in London as Director Capital Productivity. Mr David Knox is currently Chair of Snowy Hydro Limited and The Australian Centre for Social Innovation (TACSI). He is also a board member of Commonwealth Scientific and Industrial Research Organisation (CSIRO), Redflow Limited, Migration Council Australia, Adelaide Festival (AF) and the Royal Institution of Australia (RiAUS).

Mr David Knox is also a member of the Company's Audit and Risk Committee.

#### 4.2 **Directors' recommendations and interests**

The Board (with Mr David Knox abstaining), recommends that Shareholders vote in favour of the re-election of Mr David Knox. The Chairman of the meeting intends to vote undirected proxies in favour of Mr David Knox's election.

### **5. Resolution 4 - Ratification of issue of the Placement Shares**

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#### 5.1 **Purpose of resolution**

Resolution 4 seeks Shareholder ratification for the purpose of satisfying ASX Listing Rule 7.4 of the issue of the Placement Shares – i.e. 37,503,054 new Shares issued on 23 April 2020 at an issue price of \$0.14 per Share.

Resolution 4 is proposed as an ordinary resolution.

#### 5.2 **Overview of regulatory approval requirements**

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period (**15% Placement Capacity**) without Shareholder approval.

The Placement Shares were issued without Shareholder approval under the Company's available capacity under ASX Listing Rule 7.1, which was increased from 15% to 25% as part of the temporary emergency capital raising measures introduced by the ASX in response to the COVID-19 pandemic on 31 March 2020 (and amended on 22 April 2020) (**Temporary Extra Placement Capacity**).

ASX Listing Rule 7.4 provides that an issue of securities made without approval under ASX Listing Rule 7.1 is treated as having been made with approval for the purpose of ASX Listing Rule 7.1 if the issue did not breach ASX Listing Rule 7.1 and Shareholders subsequently approve it.

The ASX class waiver decision in relation to the Temporary Extra Placement Capacity provides that the Temporary Extra Placement Capacity will not be able to be ratified or replenished under ASX Listing Rule 7.1 or 7.4. As such, approval is not being sought to ratify or replenish the Temporary Extra Placement Capacity under ASX Listing Rule 7.1 or 7.4.

Approval under ASX Listing Rule 7.4 is being sought so that the issue of the Placement Shares, once ratified pursuant to this Resolution 4, does not use up the Company's 15% Placement Capacity.



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

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

### 5.3 Specific information

ASX Listing Rule 7.5 requires certain information to accompany a Notice of Annual General Meeting in relation to approval sought under ASX Listing Rule 7.4. This information is set out below:

ASX Listing Rule 7.5 requirement	Information
Names of the allottees or basis on which they were identified or selected:	The Placement Shares were issued to sophisticated and/or professional and/or other investors in accordance with sections 708(8), 708(10) and 708(11) of the Corporations Act, at the discretion of the Board. None of the investors comprised a related party of the Company, a member of the Company's key management personnel, an adviser to the Company or an associate of any of the above.  The Placement was jointly managed by Morgans Financial Limited and Bell Potter Securities Limited. Hawkesbury Partners Pty Limited acted as corporate advisor to the Placement.
Number of securities issued:	37,503,054 fully paid Shares were issued under the Placement.
Terms of the securities:	The Placement Shares issued were fully paid ordinary Shares ranking equally with the Company's existing listed ordinary Shares and are quoted on ASX.
The date on which the securities were issued:	23 April 2020.
The issue price of the securities:	The Placement Shares were issued at \$0.14 per Share.
The intended use of funds raised:	The funds raised by the issue of the Placement Shares will be used to: <ul style="list-style-type: none"> <li>• fund key growth strategies, including ramping up of Nano production in response to COVID-19 driven demand and positioning the Company to capture as many Nano sales as possible;</li> <li>• accelerate the commercialisation of the Rover product for the military market with an FDA filing and first sales targeted for 2020; and</li> <li>• accelerate the high power generator project to continue the development of the MBI project.</li> </ul>
Voting exclusion statement:	A voting exclusion statement in respect of Resolution 4 is contained in the Notice of Annual General Meeting.

### 5.4 Directors' recommendations and interests

The Directors unanimously recommend that Shareholders vote in favour of Resolution 4.

Each Director who is also a Shareholder and who is not otherwise restricted from voting intends to vote in favour of Resolution 4.

The Chairman of the Annual General Meeting intends to vote all available undirected proxies in favour of Resolution 4.

## **6. Resolution 5 – Approval of Employee Incentive Plan**

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### **6.1 Purpose of resolution**

Resolution 5 seeks Shareholder approval, pursuant to ASX Listing Rule 7.2 (Exception 13), to adopt the Employee Equity Plan and Employee Gift Plan (together, the **Employee Incentive Plan**) and to enable Performance Rights and Service Rights, and Shares upon exercise or conversion of those Performance Rights and Service Rights, and Shares to be issued under the Employee Incentive Plan to eligible Directors and employees (**Incentive Securities**) to be exempted from ASX Listing Rule 7.1 for a period of 3 years from the date on which Resolution 5 is passed. A summary of the Employee Equity Plan is set out in Schedule 1 and a summary of the Employee Gift Plan is set out in Schedule 2, both of which are to be adopted pursuant to Resolution 5.

### **6.2 Rationale for the Employee Incentive Plan**

The Company does not currently have an employee incentive plan and proposes that the new Employee Incentive Plan will provide employees of the Company and its subsidiaries with the opportunity to share in the growth in value of the Company and to encourage them to improve the performance of the Company and its return to Shareholders. The Employee Incentive Plan is intended to assist the Company to attract and retain key employees and to build a culture of ownership across all employees in the Company. The Board believes that grants made to eligible participants under the Employee Incentive Plan will provide a powerful tool to underpin the Company's employment and engagement strategy, and that the Employee Incentive Plan will:

- (a) enable the Company to incentivise and retain existing key management personnel and other eligible employees needed to achieve the Company's business objectives;
- (b) enable the Company to recruit, incentivise and retain additional key management personnel and other eligible employees, needed to achieve the Company's business objectives;
- (c) link the reward of key employees with the achievement of strategic goals and the long-term performance of the Company;
- (d) align the financial interest of all participants of the Employee Incentive Plan with those of Shareholders; and
- (e) provide incentives to participants under the Employee Incentive Plan to focus on superior performance that creates Shareholder value.

### **6.3 Summary of initial grants under Employee Incentive Plan**

Under the Employee Incentive Plan, it is proposed that:

- (a) all of the Company's employees will be granted Service Rights that are subject to the satisfaction of certain service conditions. These Service Rights will vest over time based on employees continuing their service with the Company;
- (b) the Company's leadership team, including the Managing Director, Mr Peter Rowland, will be granted Performance Rights that are subject to the satisfaction of certain performance

conditions and/or service conditions and will be based on a proportion of their respective salary packages;

- (c) the Performance Rights for leadership team members will include short term incentives which will only vest based on the level of attainment of pre-agreed operational and financial hurdles as determined by the Board each year;
- (d) the Performance Rights for leadership team members will also include a portion of long term incentives based on the attainment of pre-agreed increases in Share price over three years; and
- (e) the initial grant of all Performance Rights and Service Rights to eligible employees will be split into three equal tranches to vest on the first anniversary of the relevant grant date (likely in December 2021, and on 31 July 2022 and 31 July 2023).

Grants made under the Employee Incentive Plan will be linked to employees' base salary in accordance with the following table:

	LEADERSHIP TEAM MEMBERS		NON-LEADERSHIP STAFF
	Long Term Incentives	Short Term Incentives	Long Term Incentives
Service rights - To vest three years after grant.	15% of base salary	-	5% of base salary
Performance rights - To vest upon achievement of certain Total Shareholder Return targets over three year period.	Target achievement is 15% of base salary at target TSR. Up to 30% of base salary at achievement of 200% target TSR.	-	
Performance rights - To vest on achievement of some or all of the leadership team's KPIs for each year of grant.		Variable % of base salary, ranging from 10% to 50%.	

Resolution 5 is proposed as an ordinary resolution.

#### 6.4 Overview of regulatory approval requirements

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period (**15% Placement Capacity**) without Shareholder approval.

ASX Listing Rule 7.2 (Exception 13) operates as one of the exceptions to ASX Listing Rule 7.1. The effect of Shareholder approval under ASX Listing Rule 7.2 (Exception 13) is that any issues of securities under the Employee Incentive Plan are treated as having been made with the approval of shareholders for the purposes of ASX Listing Rule 7.1. Approval under ASX Listing Rule 7.2 (Exception 13) lasts for a period of three years.

At the date of the Annual General Meeting, the Company will be able to rely on the relief granted by ASIC Class Order [CO 14/1000] (**Class Order**) so that the Company is not required to issue a prospectus or other disclosure document in relation to the issue of securities under the Employee Incentive Plan.

If Resolution 5 is not passed, any issue of securities under the Employee Incentive Plan will be included in calculating the Company's 15% Placement Capacity in Listing Rule 7.1, effectively decreasing the number of Equity Securities the Company can issue over any 12 month period without the approval of Shareholders

## 6.5 Specific information

ASX Listing Rule 7.2 (Exception 13(b)) requires certain information to accompany a Notice of Annual General Meeting in relation to approval sought under ASX Listing Rule 7.1 (Exception 13). This information is set out below:

ASX Listing Rule 7.2 (Exception 13(b)) requirement	Information
Summary of the terms of the plan:	A summary of the material terms of the Employee Equity Plan is set out in Schedule 1 and a summary of the material terms of the Employee Gift Plan is set out in Schedule 2 and form part of this Notice of Annual General Meeting.
Number of securities issued under the plan:	Nil.
Maximum number of securities proposed to be issued under the plan:	The maximum number of Incentive Securities proposed to be issued under the Employee Incentive Plan following Shareholder approval is 10% of the Company's Equity Securities on issue at the date of this Notice of Annual General Meeting, which is 35,716,783 securities. A maximum of Incentive Securities comprising no greater than 5% of the Company's Equity Securities on issue at the date of this Notice of Annual General Meeting will be issued in reliance on the Class Order.
Voting exclusion statement:	A voting exclusion statement in respect of Resolution 5 is contained in the Notice of Annual General Meeting.

## 6.6 Directors' recommendations and interests

The Directors (with Mr Peter Rowland abstaining) unanimously recommend that Shareholders vote in favour of Resolution 5.

Each Director who is also a Shareholder and who is not otherwise restricted from voting intends to vote in favour of Resolution 5.

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

## 7. Resolution 6 – Approval of issue of Performance Rights and Service Rights to Mr Peter Rowland under the Employee Equity Plan

### 7.1 Purpose of resolutions

Resolution 6 seeks Shareholder approval for the purpose of satisfying ASX Listing Rule 10.14 to allow the issue of Performance Rights and Service Rights to the Company's Managing Director, Mr Peter Rowland (or his nominee) under the Employee Equity Plan on the terms and conditions set out in Schedule 1.

Under the Employee Equity Plan, Mr Rowland will be entitled to receive annual grants of the following three types of rights:

- (a) long-term incentive (**LTI**) Performance Rights comprising an amount up to 30% of Mr Rowland's base salary;
- (b) LTI Service Rights comprising an amount up to 15% of Mr Rowland's base salary; and
- (c) short-term incentive (**STI**) Performance Rights (comprising an amount up to 50% of Mr Rowland's base salary).

The Board, in conjunction with the Nomination and Remuneration Committee, has determined that the grant of Performance Rights and Service Rights under the Employee Equity Plan to Mr Peter Rowland is an appropriate form of short and long term incentive, given his position as Managing Director of the Company and is designed to reward the attainment of pre-agreed operational and financial hurdles and increases in Share price over three years as determined by the Board. This is achieved by:

- aligning Mr Rowland's interests with the interests of Shareholders (these KPIs also flow through to executives);
- ensuring that Mr Rowland's remuneration is competitive and aligned with market remuneration for comparable roles in the industry; and
- encouraging the achievement of the Company's strategic goals and overall growth of the Company's business necessary to build competitive advantage and shareholder value.

Resolution 6 is proposed as an ordinary resolution.

## 7.2 Key terms of Performance Rights and Service Rights

Each Performance Right and Service Right will entitle the holder to one Share upon satisfaction of certain vesting conditions.

The measurement period applicable to each tranche in each offer of Performance Rights is one year for the short-term Performance Rights and three years for the long-term Performance Rights unless otherwise determined by the Board.

The Performance Rights and Service Rights will vest on the following basis:

- a. *LTI Performance Rights* – these rights vest upon the achievement of agreed share price appreciation over a three year vesting period, with a target vesting of 50% of the rights, with the remaining 50% vesting at levels of appreciation greater than the target, up to 200% of the target;
- b. *LTI Service Rights* – these rights vest upon the third anniversary of their issue; and
- c. *STI Performance Rights* – these rights vest upon the achievement of agreed short term annual performance milestones, including, but not limited to milestones measuring revenue performance, operating efficiency, development expenditure, cash usage and employee engagement.

The Performance Rights and Service Rights are otherwise to be granted on the terms of the Employee Equity Plan as summarised in Schedule 1.

## 7.3 Overview of regulatory approval requirements

### (a) **ASX Listing Rules requirements – ASX Listing Rule 10.14**

ASX Listing Rule 10.14 requires shareholder approval to be obtained where a company issues, or agrees to issue, securities under an employee incentive scheme to a director of the company, an associate of the director, or a person whose relationship with the company, director or associate of the director is, in the ASX's opinion, such that approval should be obtained.

As such, Shareholder approval is sought under ASX Listing Rule 10.14 for the issue of Performance Rights and Service Rights to Mr Peter Rowland, a Director of the Company.

ASX Listing Rule 7.2 (Exception 14) provides that, if an issue of securities is approved for the purposes of ASX Listing Rule 10.14, ASX Listing Rule 7.1 does not apply. Accordingly, the Company is not required to seek approval of the issue of the Performance Rights and Service Rights under ASX Listing Rule 7.1.

If Resolution 6 is not passed, the Company will not be able to proceed with the issue of the Performance Rights and Service Rights to Mr Peter Rowland under Listing Rule 10.14, and will be required to seek approval to issue the Performance Rights and Service Rights to Mr Peter Rowland under ASX Listing Rule 10.11.

(b) **Corporations Act requirements – Chapter 2E**

Chapter 2E of the Corporations Act requires that for a public company to give a financial benefit to a related party of the public company, the public company must:

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

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

The issue of the Performance Rights and Service Rights constitutes giving a financial benefit and Mr Peter Rowland is a related party of the Company as he is a Director of the Company.

The Directors (other than Mr Peter Rowland, who has a material personal interest in Resolution 6) consider that the issue of the Performance Rights and Service Rights constitutes reasonable remuneration given the circumstances of the Company and the position held by Mr Peter Rowland. Accordingly, the proposed issue of Performance Rights and Service Rights to Mr Peter Rowland falls within the "reasonable remuneration" exception set out in section 211 of the Corporations Act so that shareholder approval is not required for the purposes of Chapter 2E of the Corporations Act.

(c) **Corporations Act requirements – Sections 200B and 200E of the Corporations Act**

The Corporations Act restricts the benefits that can be given to persons who hold a "managerial or executive office" (as defined in the Corporations Act) on leaving their employment with the Company.

Under Sections 200B and 200E 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 if the benefit is approved by shareholders or an exemption applies.

Amendments to the Corporations Act in 2009 significantly expanded the scope of these provisions and lowered the threshold for termination benefits that do not require shareholder approval. The term "benefit" has a wide meaning and may include benefits resulting from the Board exercising certain discretions under the rules of the Employee Equity Plan, including the discretion to waive or accelerate vesting conditions in respect of a particular holder of Performance Rights and/or Service Rights.

While the Employee Equity Plan provides that all unvested Performance Rights and Service Rights are automatically forfeited and lapse on the date of cessation of employment or office, provided the participant is a "Good Leaver" as defined in the Employee Equity Plan, the Board retains the discretion to determine otherwise. Accordingly, Shareholder approval is sought for Mr Peter Rowland to be given any benefit at the discretion of the Board in relation to the accelerated vesting of Performance Rights and/or Service Rights upon his retirement from office or

employment with the Company if that occurs within 3 years of the date of this Annual General Meeting.

If Shareholder approval is given under Resolution 6, the Company will still be required to comply with ASX Listing Rules 10.18 and 10.19, which place restrictions on the circumstances in which termination benefits can be paid and a cap on the value of termination benefits that can be paid to officers of the Company.

The value of the benefit cannot be determined at the date of this Notice of Annual General Meeting and will depend on the number of Performance Rights and/or Service Rights that may vest and the market value of the Shares at the time of cessation of employment.

#### 7.4 Specific information

ASX Listing Rule 10.15 requires certain information to accompany a Notice of Annual General Meeting in relation to approval sought under ASX Listing Rule 10.14. This information is set out below:

ASX Listing Rule 10.15 requirement	Information												
Name of the person:	Mr Peter Rowland.												
Category in ASX Listing Rules 10.14.1 – 10.14.3 the person falls into:	Mr Peter Rowland is a related party of the Company as he is a Director.												
Number and class of securities proposed to be issued to the person under the plan:	<p>Subject always to the terms of the Employee Equity Plan, the maximum aggregate number of Performance Rights and Service Rights (being the nature of the financial benefit being provided) to be granted to Mr Peter Rowland will be calculated to be the equivalent of 95% of his base salary at the time of issue.</p> <p>At the date of this Notice of Annual General Meeting, the amount that is calculated to be 95% of Mr Peter Rowland's base salary is \$276,554.50.</p> <p>Refer to the table below which sets out worked examples for the aggregate number of Performance Rights and Service Rights to be granted to Mr Rowland in each year.</p> <p>In the table below:</p> <ul style="list-style-type: none"> <li>we have set out three examples where the Share price is \$0.24 (which is the Share price at 2 October 2020), where the Share price has decreased to \$0.16 and where the Share price has increased to \$0.32;</li> <li>Mr Rowland's base salary has been assumed to increase by 10% each year for the purposes of the worked examples and is indicative only; and</li> <li>it has been assumed that Mr Rowland will receive the maximum aggregate number of Performance Rights and Service Rights, that being equivalent of 95% of his base salary at the time of issue.</li> </ul> <p>Please note that this table contains worked examples only and is therefore by no means indicative of the maximum number of rights to be issued to Mr Rowland under the Employee Equity Plan.</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th colspan="4" style="background-color: #d9ead3;">Aggregate number of Performance Rights and/or Service Rights to be granted to Mr Rowland</th> </tr> <tr> <th style="background-color: #d9ead3;">95% of base salary</th> <th colspan="3" style="background-color: #d9ead3;">Share price</th> </tr> </thead> <tbody> <tr> <td></td> <td style="text-align: center;">\$0.16</td> <td style="text-align: center;">\$0.24</td> <td style="text-align: center;">\$0.32</td> </tr> </tbody> </table>	Aggregate number of Performance Rights and/or Service Rights to be granted to Mr Rowland				95% of base salary	Share price				\$0.16	\$0.24	\$0.32
Aggregate number of Performance Rights and/or Service Rights to be granted to Mr Rowland													
95% of base salary	Share price												
	\$0.16	\$0.24	\$0.32										

ASX Listing Rule 10.15 requirement	Information			
	Year 1: \$276,554.50	1,728,465 Performance and/or Service Rights	1,152,310 Performance and/or Service Rights	864,232 Performance and/or Service Rights
	Year 2: \$304,209.95	1,901,312 Performance and/or Service Rights	1,267,541 Performance and/or Service Rights	950,656 Performance and/or Service Rights
	Year 3: \$334,630.95	2,091,443 Performance and/or Service Rights	1,394,295 Performance and/or Service Rights	1,045,721 Performance and/or Service Rights
	<p>The Board has determined that if the Share price upon which the initial grant of rights is made is greater than \$0.1514 at the date of the initial grant of rights to Mr Rowland, Mr Rowland will receive a bonus grant of rights, such that the total amount of rights received in the initial grant will be that amount had the share price been 15.14 cents, the result of which will be that the rights he will have received on the grant of the first tranche of rights will be greater than 95% of his base salary. This is a one off determination, and for the remaining tranches, they will be made in accordance with the terms set out above.</p> <p>The Share price to be used in calculating grants of rights under the Employee Equity Plan is to be the 30 day Volume Weighted Average Price (VWAP) at the time of the offer of the grant.</p> <p>Upon exercise, Mr Peter Rowland will be issued with one Share for each Performance Right and Service Right.</p>			
Details (including the amount) of the Director's current total remuneration package:	<p>Total remuneration package of \$465,019 consisting of:</p> <ul style="list-style-type: none"> <li>• base salary of \$291,548;</li> <li>• superannuation of 9.5% being \$27,697; and</li> <li>• STI of 50% of base salary equating to \$145,774.</li> </ul> <p>The STI of \$145,774 will be replaced by the granting of the STI Performance Rights referred to in this Resolution.</p>			
Number of securities previously issued to the person under the plan:	Nil.			
If the securities are not fully paid ordinary securities, a summary of the material terms of the securities, explanation of why that type of security is being used and the value the entity attributes to that security and its basis:	Please refer to sections 7.1 and 7.2 of the Explanatory Statement.			
Date(s) the person will be issued with securities under the plan:	At the date of this Notice of Annual General Meeting, the Performance Rights and Service Rights are anticipated to be issued in three tranches in December 2020, July 2021 and July 2022 but in any event will be issued no later than 3 years after this Annual General Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules).			



ASX Listing Rule 10.15 requirement	Information
Price of securities issued to the person under the plan:	The Performance Rights and Service Rights will be granted for nil cash consideration and no consideration will be payable upon the vesting of the Performance Rights and Service Rights. Accordingly, no funds will be raised from the issue or vesting of the Performance Rights and Service Rights.
Material terms of the plan:	The terms and conditions of the Employee Equity Plan are set out in Schedule 1.
Material terms of any loan that will be made to the person in relation to the acquisition:	No loan will be provided to Mr Peter Rowland with respect to the Performance Rights and Service Rights.
Statement:	<p>Details of any Performance Rights and Service Rights issued under the Employee Equity Plan will be published in each annual report of the Company relating to a period in which Performance Rights and Service Rights have been issued and that approval for the issue of Performance Rights and Service Rights was obtained, if required, under ASX Listing Rule 10.14.</p> <p>Any additional personnel who become entitled to participate in the Employee Equity Plan after this Resolution was approved and who were not named in the Notice of Annual General Meeting will not participate until shareholder approval is obtained, if required, under ASX Listing Rule 10.14.</p>
Voting exclusion statement:	A voting exclusion statement in respect of Resolution 6 is contained in the Notice of Annual General Meeting.

## 7.5 Directors' recommendations and interests

Other than as expressly stated below, the Directors unanimously recommend that Shareholders vote in favour of Resolution 6.

Mr Peter Rowland has an interest in the outcome of Resolution 3 so abstains from providing a recommendation on Resolution 6.

Each Director who is also a Shareholder and who is not otherwise restricted from voting intends to vote in favour of Resolution 6.

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

## 8. Resolution 7 – Approval of 10% Placement Capacity

### 8.1 Background

ASX Listing Rule 7.1A enables eligible entities to issue Equity Securities up to 10% of its issued share capital through placements over a 12-month period after the annual general meeting (**10% Placement Capacity**). The 10% Placement Capacity is in addition to the Company's 15% Placement Capacity.

An eligible entity for the purposes of ASX Listing Rule 7.1A is an entity that, at the date of the special resolution under ASX Listing Rule 7.1A, 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.

"Equity securities" includes shares, unit, options, convertible securities, rights to shares, units or options and other securities ASX classifies as equity securities (**Equity Securities**).

The Company is now seeking Shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 10% Placement Capacity.

The exact number of Equity Securities capable of being issued under the 10% Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (see below).

The Company continues to see material upside in further investment in its current research and development projects. Should the Company utilise the 10% Placement Capacity, it intends to use the funds raised to carry out further work on its current projects and/or to meet additional working capital requirements.

## 8.2 Overview of regulatory requirements

### (a) *Shareholder approval*

The ability to issue Equity Securities under the 10% Placement Capacity is subject to shareholder approval by way of a special resolution at an annual general meeting. This means it requires approval of 75% of the votes cast by shareholders present and eligible to vote (virtually, in person, by proxy, by attorney or, in the case of a corporate shareholder, by a corporate representative).

### (b) *Equity Securities*

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

The Company, as at the date of the Notice of Annual General Meeting, has on issue three classes of Equity Securities, those being Fully Paid Ordinary Shares, Unlisted Options and Unlisted Convertible Notes.

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

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

#### **(A x D) – E**

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

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

Note that A has the same meaning in ASX Listing Rule 7.1 when calculating an entity's 15% Placement Capacity.

**D** is 10%

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

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

The ability of an entity to issue Equity Securities under ASX Listing Rule 7.1A is in addition to the entity's 15% Placement Capacity under ASX Listing Rule 7.1.

At the date of this Notice of Annual General Meeting, the Company has on issue 357,167,839 Shares and therefore has a capacity to issue:

- (i) subject to Shareholder approval being obtained under Resolution 4, 53,575,076 Equity Securities under ASX Listing Rule 7.1; and
- (ii) subject to Shareholder approval being obtained under Resolution 7, 35,716,783 Equity Securities under ASX Listing Rule 7.1A.

The actual number of Equity Securities that the Company will have capacity to issue under ASX Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in ASX Listing Rule 7.1A.2.

**(e) Minimum Issue Price**

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

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 trading days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

**(f) 10% Placement Period**

Shareholder approval of the 10% Placement Capacity under ASX Listing Rule 7.1A is valid from the date of the annual general meeting at which the approval is obtained and expires on the earlier to occur of:

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

**(10% Placement Period).****8.3 ASX Listing Rule 7.1A**

The effect of Resolution 7 will be to allow the Directors to issue the Equity Securities under ASX Listing Rule 7.1A during the 10% Placement Period without using the Company's 15% placement capacity under ASX Listing Rule 7.1.

If Resolution 7 is not passed, the Company will not be able to issue Equity Securities under ASX Listing Rule 7.1A during the 10% Placement Period, and will remain subject to the 15% limit on the issue of Equity Securities without Shareholder approval set out in ASX Listing Rule 7.1. Resolution 7 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (virtually, in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

**8.4 Previous approval under ASX Listing Rule 7.1A**

The Company previously obtained approval under ASX Listing Rule 7.1A at its annual general meeting held on 29 November 2019.

However, in the 12 months preceding the date of the Annual General Meeting (that is, 18 November 2020), the Company has not issued any Equity Securities pursuant to ASX Listing Rule 7.1A.2.

**8.5 Specific information required by ASX Listing Rule 7.3A**

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

- (a) The Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities over the 15 trading days immediately before:
- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
  - (ii) if the Equity Securities are not issued within 5 trading days of the date in paragraph (i) above, the date on which the Equity Securities are issued.
- (b) If Resolution 7 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Capacity, the existing Shareholders' voting power in the Company will be diluted as shown in the below table. Shareholders may be exposed to economic risk and voting dilution, including the following:
- (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Annual General Meeting; and
  - (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date or the Equity Securities are issued as part of consideration for the acquisition of a new asset, which may have an effect on the amount of funds raised by the issue of the Equity Securities.
- (c) The below table shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable "A" calculated in accordance with the formula in ASX Listing Rule 7.1A(2) as at the date of this Notice of Annual General Meeting.
- (d) The table also shows:
- (i) two examples where variable "A" has increased, by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under ASX Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
  - (ii) two examples of where the issue price of ordinary securities has decreased by 50% and increased by 100% as against the current market price.

Variable 'A' in ASX Listing Rule 7.1A.2		Dilution		
		\$0.12 50% decrease in Issue Price	\$0.24 Issue Price	\$0.48 100% increase in Issue Price
Current Variable A 357,167,839 Shares	10% Voting Dilution	35,716,783 Shares	35,716,783 Shares	35,716,783 Shares
	Funds raised	\$4,286,013.96	\$8,572,027.92	\$17,144,055.84
50% increase in current Variable A 535,751,758 Shares	10% Voting Dilution	53,575,175 Shares	53,575,175 Shares	53,575,175 Shares
	Funds raised	\$6,429,021.00	\$12,858,042.00	\$25,716,084.00
100% increase in current Variable A 714,335,678 Shares	10% Voting Dilution	71,433,567 Shares	71,433,567 Shares	71,433,567 Shares
	Funds raised	\$8,572,028.04	\$17,144,056.08	\$34,288,112.16

- (e) The table has been prepared on the following assumptions:
- (i) The Company issues the maximum number of Equity Securities available under the 10% Placement Capacity.
  - (ii) No Options (including any Options issued under the 10% Placement Capacity) are exercised into Shares before the date of the issue of the Equity Securities;
  - (iii) 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%.
  - (iv) 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 Capacity, based on that Shareholder's holding at the date of the Annual General Meeting.
  - (v) The table shows only the effect of issues of Equity Securities under ASX Listing Rule 7.1A, not under the 15% Placement Capacity under ASX Listing Rule 7.1.
  - (vi) The issue of Equity Securities under the 10% Placement Capacity consists only of Shares. If the issue of Equity Securities includes Options, it is assumed that those Options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
  - (vii) The issue price is \$0.24, being the price of the Shares on ASX on Friday, 2 October 2020.
- (f) The Company will only issue and allot the Equity Securities during the 10% Placement Period. The approval under Resolution 7 for the issue of the Equity Securities will cease to be valid in the event that Shareholders approve a transaction under ASX Listing Rule

11.1.2 (a significant change to the nature or scale of activities or ASX Listing Rule 11.2 (disposal of main undertaking).

- (g) The Company may seek to issue the Equity Securities for the following purposes:
- (i) non-cash consideration for the acquisition of the new assets and investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by ASX Listing Rule 7.1A.3; or
  - (ii) cash consideration. In such circumstances the Company intends to use the funds raised to carry out further work on its current projects and/or to meet additional working capital requirements.
- (h) The Company will comply with the disclosure obligations under ASX Listing Rules 7.1A(4) and 3.10.5A upon the issue of any Equity Securities.
- (i) The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Capacity. The identity of 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:
- (iii) 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;
  - (iv) the effect of the issue of the Equity Securities on the control of the Company;
  - (v) the financial situation and solvency of the Company; and
  - (vi) advice from corporate, financial and broking advisers (if applicable).
- (j) The allottees under the 10% Placement Capacity have not been determined as at the date of this Notice of Annual General Meeting but may include existing substantial Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company.
- (k) A voting exclusion statement is included in the Notice of Annual General Meeting. At the date of this Notice of Annual General Meeting, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in an issue of the Equity Securities. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice of Annual General Meeting.

#### 8.6 **Directors' recommendations and interests**

The Directors unanimously recommend that Shareholders vote in favour of Resolution 7.

Each Director who is also a Shareholder and who is not otherwise restricted from voting intends to vote in favour of Resolution 7.

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

## Schedule 1

### Summary of Employee Equity Plan

The terms of the Employee Equity Plan are summarised below. A copy of the Employee Equity Plan can be obtained by contacting the Company. Terms not defined in this Notice of Annual General Meeting have the meaning given in the Employee Equity Plan.

Term	Information
<b>Eligibility:</b>	The Board may in its absolute discretion invite employees who it determines are eligible to participate in the Employee Equity Plan to apply for Performance Rights under the Employee Equity Plan on the terms set out in the Rules and any other terms the Board considers appropriate.
<b>Vesting conditions:</b>	The vesting of Performance Rights granted under the Employee Equity Plan may be conditional on the satisfaction of performance and/or service conditions as determined by the Board and advised to the employee in his or her Offer Letter.
<b>Other permitted vesting:</b>	<p>The Board may determine that a Performance Right will become a Vested Performance Right, whether or not any or all applicable Vesting Conditions have been satisfied if (in the Board's opinion) one of the following events has occurred or is likely to occur:</p> <ul style="list-style-type: none"> <li>• the merger or consolidation of the Company into another company;</li> <li>• if a takeover bid is made in respect of the Company and the Board recommends acceptance to shareholders;</li> <li>• if a scheme of arrangement is made or undertaken in respect of the Company, and the Board in its absolute discretion determines exercise to be appropriate;</li> <li>• any event similar to those described above involving a change in ownership or control of the Company or all or substantial part of the assets of the Company; or</li> <li>• any other event as determined by the Board in its absolute discretion.</li> </ul> <p>The Board has the discretion to waive or accelerate vesting conditions in respect of a particular Holder.</p>
<b>Exercise of Performance Rights:</b>	Unless the Board determines otherwise, a Participant must provide the Company with a Notice to Exercise Form if the Participant has satisfied any relevant vesting conditions and wishes to exercise the Performance Rights.
<b>Price:</b>	Unless the Board determines otherwise, no payment is required for the grant of Performance Rights under the Employee Equity Plan.
<b>Lapse/forfeiture:</b>	<p>A Performance Right automatically lapses immediately after:</p> <ul style="list-style-type: none"> <li>• if that Performance Right is a Unvested Performance Right, the latest time at which that Performance Right may become a Vested Performance Right, as specified in the Offer Letter; or</li> <li>• if that Performance Right is a Vested Performance Right, the latest time at which that Performance Right may be exercised, as specified in the Offer Letter.</li> </ul> <p>The Board may revise the exercise period specified in the Offer Letter for the Performance Rights, which will then lapse at the end of that revised period.</p>

Term	Information
	<p>If a Participant is a Good Leaver, then on the date of cessation of employment or office or contract:</p> <ul style="list-style-type: none"> <li>• all Unvested Performance Rights held by the Participant will be automatically forfeited and automatically lapse; and</li> <li>• all Vested Performance Rights held by the Participant may be exercised during, where the Participant is a Good Leaver as a result of death or permanent disability, the 120 day period following the date of cessation of employment or office or contract and, in any other case, the 30 day period following that date, after which time those Vested Performance Rights will automatically lapse,</li> </ul> <p>unless the Board determines otherwise.</p> <p>If the Participant is a Bad Leaver, then on the date of cessation of employment or office or contract, all Performance Rights held by the Participant will be automatically forfeited and automatically lapse.</p> <p><b>A Bad Leaver</b> means a Participant who ceases employment or office or contractual relations with any member of the Group in circumstances of termination by the relevant Group member as a result of:</p> <ul style="list-style-type: none"> <li>• an indictable offence;</li> <li>• wilful misconduct, negligence or breach of law; or</li> <li>• material breach of the participant's contractual or other legal or equitable duties as an employee or officer of a Group Company,</li> </ul> <p>unless otherwise determined by the Board.</p> <p><b>A Good Leaver</b> means a Participant who ceases employment or office or contractual relations with any member of the Group in any circumstances other than as a Bad Leaver.</p>
<b>Restrictions on transfer:</b>	<p>Performance Rights must not be Disposed of without the prior written approval of the Board.</p> <p>A Participant must not Dispose of a Performance Right (or a Share acquired on exercise of a Performance Right) that is subject to a Holding Lock without the prior written approval of the Board.</p> <p>A Participant must not enter into a scheme or arrangement that protects the value of Performance Rights granted under the Employee Equity Plan prior to them becoming Vested Performance Rights.</p>
<b>Rights attached to Shares:</b>	<p>Unless the terms of issue of the Performance Rights provide otherwise, Shares issued on the exercise of the Performance Rights will rank equally in all respects with all existing Shares from the date of allotment, including in relation to voting rights, entitlements and entitlements to participate in distributions and dividends, and future rights issues and bonus issues.</p>
<b>Redemption of Performance Rights:</b>	<p>The Board may in its absolute discretion redeem or cancel:</p> <ul style="list-style-type: none"> <li>• any Unvested Performance Rights held by a Participant without the consent of that Participant; and</li> <li>• any Vested Performance Rights held by a Participant with the consent of that Participant.</li> </ul>
<b>Adjustments:</b>	<p>If the Company makes any new issue of securities or alterations to its capital by way of a rights issue, bonus issue or other distribution of capital, reduction of capital or reconstruction of capital then the Board may make adjustments to the rights attaching to those Performance Rights (including, without limitation,</p>



Term	Information
	to the number of Shares which may be acquired on exercise of the Performance Rights) on any basis it deems fit in its discretion.
<b>New issues:</b>	Unless the Board determines otherwise, a Holder is only entitled to participate (in respect of Performance Rights granted under the Employee Equity Plan) in a new issue of Shares to existing shareholders of the Company if the Holder has validly exercised the Holder's Performance Rights and becomes a Shareholder prior to the relevant record date.
<b>Limits on Performance Rights issued:</b>	<p>Unless otherwise determined by the Board, an offer of Performance Rights may only be made under the Employee Equity Plan at any particular time, if:</p> <ul style="list-style-type: none"> <li>• the number of Shares that may be acquired on exercise of rights or options on issue under any Employee Incentive Scheme (including the Employee Equity Plan) in the last three years; plus</li> <li>• the number of Shares which would be issued if each already issued and outstanding offer with respect to rights or options over Shares under any Employee Incentive Scheme (including the Employee Equity Plan) was to be accepted,</li> </ul> <p>does not exceed 10% (ten percent) of the total number of issued Shares as of the time of the offer when aggregated with any Shares issued under the Employee Gift Plan, subject to the Class Order.</p>
<b>Indeterminate Rights:</b>	<p>The Board may, in its absolute discretion, issue Indeterminate Rights (as defined in section 83A-340 of the <i>Income Tax Assessment Act 1997</i> (Cth)) to an Eligible Employee or Participant.</p> <p>The Board may satisfy the Indeterminate Rights issued by, at its discretion:</p> <ul style="list-style-type: none"> <li>• paying an amount of cash to the Eligible Employee or Participant; or</li> <li>• issuing a number of Performance Rights or Shares under the Employee Equity Plan to the Eligible Employee or Participant.</li> </ul> <p>An Eligible Employee or Participant has no discretion as to how the Indeterminate Rights are to be satisfied.</p>
<b>Suspension or termination:</b>	The Employee Equity Plan may be suspended or terminated at any time by resolution of the Board. In the event of a suspension or termination, the Rules will continue to operate with respect to any Performance Rights issued under the Employee Equity Plan prior to that suspension or termination.

## Schedule 2

### Summary of Employee Gift Plan

The terms of the Employee Gift Plan are summarised below. A copy of the Employee Gift Plan can be obtained by contacting the Company. Terms not defined in this Notice of Annual General Meeting have the meaning given in the Employee Gift Plan.

Term	Information
<b>Eligibility:</b>	The Board may in its absolute discretion invite all Employees to apply for Shares under the Employee Gift Plan on the terms set out in the Rules and any other terms the Board considers appropriate.
<b>Methods:</b>	Shares may be acquired under the Employee Gift Plan in any one or more following ways as determined by the Board in its absolute discretion: <ul style="list-style-type: none"> <li>• by way of allotment and issue of Shares;</li> <li>• by acquiring Shares in the ordinary course of trading or otherwise on the ASX to be registered in the name of the Participant; and</li> <li>• by acquiring Shares by off-market purchases to be registered in the name of the Participant.</li> </ul>
<b>Price:</b>	Unless otherwise determined by the Board, no payment is required for the issue of Shares under the Employee Gift Plan.
<b>Maximum number of Shares offered to Eligible Employee:</b>	The maximum number of Shares that may be offered or issued to an Eligible Employee in any financial year is not to exceed in aggregate the Specified Value divided by the Market Price. <b>Specified Value</b> means AUD \$1,000. <b>Market Price</b> means: <ul style="list-style-type: none"> <li>• if Shares are purchased on market, the market price quoted for buyers of Shares at the close of trading on the day immediately preceding the Acquisition Date as published by the ASX in the National Trading Statistics; and</li> <li>• if Shares are allotted and issued, the Volume Weighted Average Price of Shares.</li> </ul> <b>Volume Weighted Average Price</b> means the (five-day) volume weighted average price of Shares as traded on the ASX up to but excluding the Acquisition Date and is calculated by dividing the total value of Shares traded by the total number of Shares traded for every transaction during the five-day trading period to calculate an average price for Shares.
<b>Restrictions on transfer:</b>	A Holding Lock will be applied to all Shares granted to a Participant under the Employee Gift Plan for the duration of the Holding Lock Period applicable to the relevant Shares. <b>Holding Lock Period</b> means, in relation to a Share acquired by a Participant under the Employee Gift Plan, the period from the Acquisition Date of the Share until the earlier of: <ul style="list-style-type: none"> <li>• the date that is three years after the Acquisition Date of the Share; or</li> <li>• the day after the date of the Eligible Employee's cessation of employment or office or contract (including as a result of Permanent Incapacity or Retirement).</li> </ul> A Participant must not Dispose of a Share that is subject to a Holding Lock without the prior written approval of the Board.

Term	Information
<b>Rights attached to Shares:</b>	Shares issued under the Employee Gift Plan will rank equally in all respects with all existing Shares, including in relation to voting rights, and entitlements to participate in distributions and dividends, and future rights issues and bonus issues.
<b>Adjustments:</b>	If the Company makes any new issue of securities or alterations to its capital by way of a rights issue, bonus issue or other distribution of capital, reduction of capital or reconstruction of capital then the Board may make adjustments to the rights attaching to those Shares on any basis it deems fit in its discretion.
<b>Limits on Shares issued:</b>	<p>Unless otherwise determined by the Board, taking into account what it considers to be all relevant factors, an offer of Shares may only be made under the Employee Gift Plan at any particular time, if:</p> <ul style="list-style-type: none"> <li>• the number of Shares that may be acquired, whether by exercise of rights or options on issue or otherwise, under any Employee Incentive Scheme (including the Employee Gift Plan) in the last three years; plus</li> <li>• the number of Shares which would be issued if each already issued and outstanding offer with respect to Shares and options over Shares under any Employee Incentive Scheme (including the Employee Gift Plan) was to be accepted,</li> </ul> <p>does not exceed 10% (ten percent) of the total number of issued Shares as of the time of the offer when aggregated with any Performance Rights issued under the Employee Equity Plan.</p>
<b>Suspension or termination:</b>	The Employee Gift Plan may be suspended or terminated at any time by resolution of the Board. In the event of a suspension or termination, the Rules will continue to operate with respect to any Shares issued under the Employee Gift Plan prior to that suspension or termination.

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