



**SCHROLE GROUP LTD
ACN 164 440 859**

Notice of Annual General Meeting

**The Annual General Meeting of the Company will be held at
Ground Floor, 142 Hasler Road, Osborne Park, Western Australia on
Monday, 31 May 2021 at 9am (WST)**

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

**Should you wish to discuss any matter, please do not hesitate to contact the
Company Secretary by telephone on (08) 9230 7000**

For personal use only

Schrole Group Limited
ACN 164 440 859
(Company)

Notice of Annual General Meeting

Notice is given that the Annual General Meeting of Schrole Group Ltd (**Company**) will be held at Ground Floor, 142 Hasler Road, Osborne Park, Western Australia, on Monday, 31 May 2021 at 9am (WST) (**Meeting**).

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

The Directors have determined pursuant to regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders on Thursday, 27 May 2021 at 4pm (WST).

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

Agenda

1 Annual Report

To consider the Annual Report of the Company and its controlled entities for the financial year ended 31 December 2020, which includes the Financial Report, the Directors' Report and the Auditor's Report.

2 Resolutions

Resolution 1 – Remuneration Report

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

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

Resolution 2 – Re-election of Director - Mr Shaun Hardcastle

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

'That, for the purposes of rule 3.6 of the Constitution and for all other purposes, Mr Shaun Hardcastle, a Director, retires by rotation, and, being eligible, is re-elected as a Director on the terms and conditions in the Explanatory Memorandum.'

Resolution 3 – Election of Director - Mr Guy Perkins

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

'That, for the purposes of rule 3.3 of the Constitution, Listing Rule 14.4 and for all other purposes, Mr Guy Perkins, a Director who was appointed on 27 October 2020, retires and, being eligible, is elected as a Director on the terms and conditions in the Explanatory Memorandum.'

Resolution 4 – Approval of 10% Placement Facility

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

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

Resolution 5 - Approval to issue Incentive Securities to Director - Mr Robert Graham

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

'That, pursuant to and in accordance with Listing Rule 10.11, section 208 of the Corporations Act and for all other purposes, Shareholders approve the issue of up to:

- (a) 20,000,000 Shares (subject to a 12 month escrow period); and*
- (b) 133,800,000 Performance Rights,*

to Mr Robert Graham (or his nominees), on the terms and conditions in the Explanatory Memorandum.'

Resolution 6 – Approval of cancellation of Performance Shares

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

'That, pursuant to and in accordance with section 256C(2) of the Corporations Act and for all other purposes, approval is given for the Company to make a selective reduction of capital by cancelling 150,000,000 Series C Performance Shares on the terms and conditions in the Explanatory Memorandum.'

Resolution 7– Approval to issue Options to Non-Executive Directors

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

'That, pursuant to and in accordance Listing Rule 10.11, sections 195(4) and 208 of the Corporations Act and for all other purposes, Shareholders approve the issue of Options to Directors as follows:

- (a) *up to 18,000,000 Options to Stuart Carmichael;*
- (b) *up to 18,000,000 Options to Shaun Hardcastle;*
- (c) *up to 18,000,000 Options to James King; and*
- (d) *up to 18,000,000 Options to Guy Perkins,*

or their respective nominees, on the terms and conditions in the Explanatory Memorandum.'

Resolution 8 – Renewed Approval of Employee Incentive Plan

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

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

Voting exclusions

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

- (a) Resolution 4, if at the time of the Meeting, the Company is proposing to make an issue of Equity Securities under the 10% Placement Facility, by or on behalf of any persons who are expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a Shareholder), or any associate of those persons;
- (b) Resolution 5 by or on behalf of Mr Robert Graham (or his nominees) or any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a Shareholder), or any of their respective associates;
- (c) Resolution 7(a) by or on behalf of Stuart Carmichael (or his nominees), or any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a Shareholder), or any of their respective associates;
- (d) Resolution 7(b) by or on behalf of Shaun Hardcastle (or his nominees), or any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a Shareholder), or any of their respective associates;
- (e) Resolution 7(c) by or on behalf of James King (or his nominees), or any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a Shareholder), or any of their respective associates;

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- (f) Resolution 7(d) by or on behalf of Guy Perkins (or his nominees), or any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a Shareholder), or any of their respective associates; and
 - (g) Resolution 8, by or on behalf of a person who is eligible to participate in the employee incentive plan, or any of their respective associates.

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

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

Voting prohibitions

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

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

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

Resolution 5, Resolution 7(a), Resolution 7(b), Resolution 7(c) and Resolution 7(d) and Resolution 8: In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

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

However, the above prohibition does not apply if:

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

Further, in respect of Resolution 5, Resolution 7(a), (b), (c) and (d), in accordance with section 224 of the Corporations Act, a vote on this Resolution must not be cast (in any capacity) by or on behalf of a related party of the Company to whom the Resolution would permit a financial benefit to be given, or an associate of such a related party.

However, the above prohibition does not apply if:

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

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

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

BY ORDER OF THE BOARD

Ben Donovan
Company Secretary
Schrole Group Ltd
Dated: 20 April 2021

Schrole Group Ltd
ACN 164 440 859
(Company)

Explanatory Memorandum

1. Introduction

The Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the annual general meeting to be held at Ground Floor, 142 Hasler Road, Osborne Park, Western Australia on Monday, 31 May 2021 at 9am WST (**Meeting**).

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

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

Section 3	Annual Report
Section 4	Resolution 1 – Remuneration Report
Section 5	Resolution 2 – Re-election of Director - Mr Shaun Hardcastle
Section 6	Resolution 3 – Election of Director - Mr Guy Perkins
Section 7	Resolution 4 – Approval of 10% Placement Facility
Section 8	Resolution 5 - Approval to issue Incentive Securities to Director - Mr Robert Graham
Section 9	Resolution 6 – Approval of cancellation of Performance Shares
Section 10	Resolution 7 – Approval to issue Options to Non-Executive Directors
Section 11	Resolution 8 – Renewed Approval of Employee Incentive Plan
Schedule 1	Definitions
Schedule 2	Terms and Conditions of Performance Rights
Schedule 3	Valuation of Performance Rights
Schedule 4	Terms and Conditions of Incentive Options
Schedule 5	Valuation of Incentive Options
Schedule 6	Summary of Employee Incentive Plan

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

2. Action to be taken by Shareholders

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

2.1 Voting in person

To vote in person, attend the Meeting on the date and at the place set out above.

2.2 Voting by proxy

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

Please note that:

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

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

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:

- (i) 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);
- (ii) if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands;
- (iii) 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 (i.e. as directed); and
- (iv) 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 (i.e. as directed).

Transfer of non-chair proxy to chair in certain circumstances:-

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

- (i) 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;
- (ii) the appointed proxy is not the chair of the meeting;
- (iii) at the meeting, a poll is duly demanded on the resolution; and
- (iv) either 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.

2.3 **Chair's voting intention**

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

If the Chair is appointed as your proxy and you have not specified the way the Chair is to vote on Resolutions 1, 5, 7 and 8 by signing and returning the Proxy Form, you are considered to have provided the Chair with an express authorisation for the Chair to vote the proxy in accordance with the Chair's intention, even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel of the Company.

If the Chair is a person referred to in the section 214 Corporations Act voting prohibition statement applicable to Resolution 5, Resolution 7(a), Resolution 7(b), Resolution 7(c) and Resolution 7(d), the Chair will only be able to cast a vote as proxy for you on the relevant Resolution if you are entitled to vote and have specified your voting intention in the Proxy Form.

2.4 **Submitting questions**

Shareholders may submit questions in advance of the Meeting to the Company. Questions must be submitted by emailing the Company Secretary at bdonovan@ventnorcapital.com by 5pm WST on Thursday 27 May 2021.

Shareholders will also have the opportunity to submit questions during the Meeting in respect to the formal items of business. In order to ask a question during the Meeting, please follow the instructions from the Chair.

The Chair will attempt to respond to the questions during the Meeting. The Chair will request prior to a Shareholder asking a question that they identify themselves (including the entity name of their shareholding and the number of Shares they hold).

3. Annual Report

In accordance with section 317 of the Corporations Act and subject to the instructions set out in this Notice, Shareholders will be offered the opportunity to discuss the Annual Report, including the Financial Report, the Directors' Report and the Auditor's Report for the financial year ended 31 December 2020.

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

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

- (a) discuss the Annual Report which is available online at <https://schrole.edu.au>
- (b) ask questions about, or comment on, the management of the Company; and
- (c) ask the auditor questions about the conduct of the audit and the preparation and content of the Auditor's Report.

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

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

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

4. Resolution 1 – Remuneration Report

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

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

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

Where a resolution on the Remuneration Report receives a Strike at two consecutive annual general meetings, the Company will be required to put to Shareholders at the second annual general meeting a resolution on whether another meeting should be held (within 90 days) at which all Directors (other than the managing director, if any) who were in office at the date of approval of the applicable Directors' Report must stand for re-election.

The Company's Remuneration Report did not receive a Strike at the 2020 annual general meeting. If the Remuneration Report receives a Strike at this Meeting, Shareholders should be aware that if a second Strike is received at the 2022 annual general meeting, this may result in the re-election of the Board.

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

Resolution 1 is an ordinary resolution.

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

5. Resolution 2 – Re-election of Director - Mr Shaun Hardcastle

5.1 General

Rule 3.6 of the Constitution requires that one third of the Directors (excluding the Managing Director) must retire at each annual general meeting (or if that is not a whole number, the whole number nearest to one third). Rule 3.7 of the Constitution requires that the Directors to retire are those who have held their office as Director for the longest period since their last election or appointment to that office. In the event two or more Directors have held office for equal periods of time, the retiring Directors are to be determined by lot, unless otherwise agreed by those Directors.

Rule 3.6 of the Constitution provides that a Director who retires in accordance with that rule is eligible for re-election.

As at the date of this Notice, the Company has five Directors and accordingly, one Director must retire.

Non-Executive Director Mr Shaun Hardcastle was last elected at the annual general meeting held on 31 May 2019 and has held office the longest since being last elected. Accordingly, Mr Hardcastle retires by rotation at this Meeting and, being eligible, seeks re-election pursuant to Resolution 2.

5.2 Shaun Hardcastle

Mr Hardcastle is a corporate lawyer with experience on a broad range of cross-border and domestic transactions including equity capital markets, mergers & acquisitions, project finance and corporate governance. He is a Partner of HWL Ebsworth Lawyers which predominantly advises on equity capital markets, re-compliance transactions and takeovers across a variety of industries. He has worked both domestically and internationally for top-tier law firms, and spent time as corporate counsel for a major international oil and gas company. Mr Hardcastle holds a Bachelor of Laws, and is a member of the Australian Institute of Company Directors and the Association of International Petroleum Negotiators.

Mr Hardcastle is currently a non-executive director of ASX-listed RareX Limited (ASX: REE) and Cygnus Gold Limited (ASX: CY5).

Mr Hardcastle was first appointed to the Board on 5 October 2017 as Non-Executive Director and is the Chair of the Remuneration & Nomination Committee.

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

The Board considers Mr Hardcastle to be an independent Director.

5.3 **Additional information**

If Resolution 2 is passed, Mr Hardcastle will be elected as a Non-Executive Director of the Company.

If Resolution 2 is not passed, Mr Hardcastle will not be elected as a Non-Executive Director of the Company.

Resolution 2 is an ordinary resolution.

The Board (with Mr Hardcastle abstaining) recommends that Shareholders vote in favour of Resolution 2 for the reasons outlined in this Notice, including that:

- (a) Mr Hardcastle is a suitably experienced and qualified long-standing Board member; and
- (b) Mr Hardcastle will continue to be instrumental in the growth of the Company at an important stage of development.

6. **Resolution 3 – Election of Director - Mr Guy Perkins**

6.1 **General**

Rule 3.3 of the Constitution allows the Board to appoint at any time a person to be a Director either to fill a casual vacancy or as an addition to the existing Directors.

Pursuant to rule 3.3(a) of the Constitution, any Director so appointed must retire at the next annual general meeting of the Company and is then eligible for election by Shareholders.

In addition, Listing Rule 14.4 provides that a Director appointed as an addition to the Board must not hold office (without re-election) past the next annual general meeting.

On 27 October 2020, Mr Perkins was appointed as a Non-Executive Director of the Company.

Accordingly, Mr Perkins resigns as a Director at the Meeting and, being eligible, seeks approval to be elected as a Director pursuant to Resolution 3.

6.2 **Guy Perkins**

Mr Perkins brings a breadth of highly relevant experience to the Schrole board, having held roles at several startup, and ultimately very successful, Software as a Service (SaaS) companies. In 2015 Mr Perkins was founding Director/strategic sales and business development of Spookfish Pty Ltd, a geospatial and 3D imagery business that was listed on the ASX prior to being acquired by US-based Eagleview Technologies in 2018 with a valuation of AU\$122m. Prior to Spookfish, Mr Perkins held the role of Chief Operating Officer at NearMap Ltd (ASX: NEA).

Mr Perkins is currently a non-Executive Director of Soar.

Mr Perkins was first appointed to the Board on 27 October 2020.

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

The Board considers Mr Perkins to be an independent Director.

6.3 **Additional information**

If Resolution 3 is passed, Mr Perkins will be elected as a Non-Executive Director of the Company.

If Resolution 3 is not passed, Mr Perkins will not be elected as a Non-Executive Director of the Company.

Resolution 3 is an ordinary resolution.

The Board (with Mr Perkins abstaining) recommends that Shareholders vote in favour of Resolution 3 for the reasons outlined in this Notice, including that:

- (a) Mr Perkins is a suitably experienced addition to the Board; and
- (b) Mr Perkins will be instrumental in the growth of the Company at an important stage of development.

7. **Resolution 4 – Approval of 10% Placement Facility**

7.1 **General**

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

Under Listing Rule 7.1A, however, an eligible entity can seek approval from its members by way of a special resolution passed at its annual general meeting, to 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 Facility**). The 10% Placement Facility is in addition to the Company's 15% annual placement capacity under Listing Rule 7.1.

Resolution 4 seeks Shareholder approval by way of a special resolution to provide the Company the ability to issue Equity Securities under the 10% Placement Facility during the 10% Placement Period (refer to Section 7.2(f) below). The number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 7.2(c) below).

If Resolution 4 is passed, the Company will be able to issue equity securities up to the combined 25% limit in Listing Rules 7.1 and 7.1A without any further shareholder approval.

If Resolution 4 is not passed, the Company will not be able to access the additional 10% capacity to issue equity securities without shareholder approval provided for in Listing Rule 7.1A and will remain subject to the 15% limit on issuing equity securities without shareholder approval set out in Listing Rule 7.1.

7.2 Listing Rule 7.1A

(a) Is the Company an eligible entity?

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

The Company is an eligible entity as it is not included in the S&P/ASX 300 Index and has a market capitalisation of approximately \$24 million, based on the closing price of Shares \$0.015 on 19 April 2021.

If on the date of the Meeting, the Company's market capitalisation exceeds \$300 million or it has been included in the S&P/ASX 300 Index, this Resolution 4 will no longer be effective and will be withdrawn.

(b) What Equity Securities can be issued?

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

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

(c) How many Equity Securities can be issued?

Listing Rule 7.1A.2 provides that under the approved 10% Placement Facility, the Company may issue or agree to issue a number of Equity Securities calculated in accordance with the following formula:

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

Where:

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

(A) plus the number of fully paid Shares issued in the 12 months:

(1) under an exception in Listing Rule 7.2 (other than exception 9, 16 or 17);

(2) on the conversion of convertible securities within Listing Rule 7.2 exception 9 where:

- the convertible securities were issued or agreed to be issued before the 12 month period; or
- the issue of, or agreement to issue, the convertible securities was approved, or taken under the Listing Rules to have been approved, under Listing Rule 7.1 or 7.4;

(3) under an agreement to issue securities within Rule 7.2 exception 16 where:

- the agreement was entered into before the 12 month period; or
- the agreement or issue was approved, or taken under the Listing Rules to be approved, under Listing Rule 7.1 or 7.4; and

(4) with Shareholder approval under Listing Rule 7.1 or 7.4. This does not include any issue of Shares under the Company's 15% annual placement capacity without Shareholder approval;

(B) plus the number of partly paid shares that became fully paid in the 12 months; and

(C) less the number of fully paid Shares cancelled in the 12 months.

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

D is 10%.

E is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue where the issue or agreement has not been subsequently approved by Shareholders under Listing Rule 7.4.

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

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

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

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

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

(Minimum Issue Price).

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

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

- (i) the date that is 12 months after the date of the Meeting;
- (ii) the time and date of the Company's next annual general meeting; or

- (iii) the date of Shareholder approval of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

(10% Placement Period).

(g) **What is the effect of Resolution 4?**

The effect of Resolution 4 will be to allow the Directors to issue the Equity Securities under Listing Rule 7.1A during the 10% Placement Period without further Shareholder approval or using the Company's 15% annual placement capacity under Listing Rule 7.1.

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

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

(a) **Final date for issue**

The Company will only issue the Equity Securities under the 10% Placement Facility during the 10% Placement Period (refer to Section 7.2(f) above).

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

(b) **Minimum issue price**

Where the Company issues Equity Securities under the 10% Placement Facility, it will only do so for cash consideration and the issue price will be not less than the Minimum Issue Price (refer to Section 7.2(e) above).

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

The Company may seek to issue Equity Securities under the 10% Placement Facility for the purposes of raising funds for continued investment in the Company's current assets, the acquisition of new assets or investments (including expenses associated with such an acquisition), the development, manufacture and commercialisation of the Company's technology and/or for general working capital.

The Company will comply with the disclosure obligations under Listing Rules 7.1A.4 and 3.10.3 upon issue of any Equity Securities.

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

Shareholders should note that there is a risk that:

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

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

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

The below table shows the dilution of existing Shareholders based on the current market price of Shares and the current number of Shares for 'A' calculated in accordance with the formula in Listing Rule 7.1A.2 (see Section 7.2(c)) as at the date of the Notice (**Variable A**), with:

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

Shares (Variable A in Listing Rule 7.1A.2)	Dilution			
	Issue price per Share	\$0.008 50% decrease in Current Market Price	\$0.015 Current Market Price	\$0.03 100% increase in Current Market Price
1,380,183,763 Shares	10% Voting Dilution	138,018,376 Shares	138,018,376 Shares	138,018,376 Shares
Variable A	Funds raised	\$1,104,147.01	\$2,070,275.64	\$4,140,551.28
2,070,275,645 Shares	10% Voting Dilution	207,027,564 Shares	207,027,564 Shares	207,027,564 Shares
50% increase in Variable A	Funds raised	\$1,656,220.51	\$3,105,413.46	\$6,210,826.92
2,760,367,526 Shares	10% Voting Dilution	276,036,753 Shares	276,036,753 Shares	276,036,753 Shares
100% increase in Variable A	Funds raised	\$2,208,294.02	\$4,140,551.30	\$8,281,102.59

Notes:

1. The table has been prepared on the following assumptions:
 - (a) the issue price is the current market price (\$0.015), being the closing price of the Shares on ASX on 19 April 2021, being the latest practicable date before this Notice was finalised;
 - (b) Variable A is comprised of 1,380,183,763 existing Shares on issue as at the date of this Meeting, assuming the Company has not issued any Shares in the

12 months prior to the Meeting that were not issued under an exception in Listing Rule 7.2 or with Shareholder approval under Listing Rule 7.1 and 7.4;

- (c) the Company issues the maximum number of Equity Securities available under the 10% Placement Facility;
- (d) no convertible securities (including any issued under the 10% Placement Facility) are exercised or converted into Shares before the date of the issue of the Equity Securities; and
- (e) the issue of Equity Securities under the 10% Placement Facility consists only of Shares. If the issue of Equity Securities includes Quoted Options, it is assumed that those Quoted Options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.

2. The number of Shares on issue (i.e Variable A) may increase as a result of issues of Shares that do not require Shareholder approval (for example, a pro rata entitlements issue, scrip issued under a takeover offer or upon exercise of convertible securities) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting.
3. The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
4. The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of the Meeting.
5. The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.

(e) **Allocation policy**

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

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

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

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

The Company has previously obtained Shareholder approval under Listing Rule 7.1A at its annual general meeting held on 24 July 2020.

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

(g) **Voting exclusion statement**

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

However, in the event that between the date of the Notice and the date of the Meeting, the Company proposes to make an issue of Equity Securities under Listing Rule 7.1A to one or more existing Shareholders, those Shareholders' votes will be excluded under the voting exclusion statement in the Notice.

7.4 **Additional information**

Resolution 4 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

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

8. **Resolution 5 - Approval to issue Incentive Securities to Director - Mr Robert Graham**

8.1 **General**

The Company is proposing, subject to obtaining Shareholder approval of Resolution 5, to issue to the Company's Managing Director, Mr Robert Graham (or his nominees):

- (a) 20,000,000 Shares; and
- (b) 133,800,000 Performance Rights,

(together, the **Incentive Securities**).

The proposed issue of Incentive Securities is intended to further align and reward the efforts of Mr Graham in seeking to achieve growth of the Share price and in the creation of Shareholder value. In addition, the Board also believes that incentivising with Securities is a prudent means of conserving the Company's available cash reserves. The Board believes it is important to offer the Incentive Securities to continue to attract and maintain highly experienced and qualified Board members in a competitive market, and the issue of Shares provides an immediate recognition of the experience provided to the Company.

Resolution 5 is an ordinary resolution.

8.2 **Listing Rule 10.11**

Listing Rule 10.11 provides that unless one of the exceptions in Listing Rule 10.12 applies, a listed company must not issue or agree to issue Equity Securities to:

- (a) a related party (Listing Rule 10.11.1);

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- (b) a person who is, or was at any time in the 6 months before the issue or agreement, a substantial holder (30%+) in the company (Listing Rule 10.11.2);
 - (c) a person who is, or was at any time in the 6 months before the issue or agreement, a substantial holder (10%+) in the company and who has nominated a director to the board of the company pursuant to a relevant agreement which gives them a right or expectation to do so (Listing Rule 10.11.3);
 - (d) an associate of a person referred to in Listing Rules 10.11.1 to 10.11.3 (Listing Rule 10.11.4); or
 - (e) a person whose relation with the company or a person referred to in Listing Rule 10.11.1 or 10.11.4 is such that, in ASX's opinion, the issue or agreement should be approved by its shareholders (Listing Rule 10.11.5),

unless it obtains the approval of its shareholders.

The proposed issues of Incentive Securities to Mr Graham (or his nominees) falls within Listing Rule 10.11.1 and does not fall within any of the exceptions in Listing Rule 10.12. They therefore require the approval of Shareholders under Listing Rule 10.11.

Resolution 5 seeks the required Shareholder approval to the proposed issues of Incentive Securities under and for the purposes of Listing Rule 10.11 and section 208 of the Corporations Act.

If Resolution 5 is passed, the Company will be able to proceed with the issue of the Incentive Securities to Mr Graham (or his nominees) as part of Mr Graham's remuneration package.

If Resolution 5 is not passed, the Company will not be able to proceed with the issue of the Incentive Securities to Mr Graham (or his nominees) and the Company will need to consider other forms of incentive remuneration, which would likely include by the payment of cash.

As Shareholder approval is sought under Listing Rule 10.11, approval under Listing Rule 7.1 is not required. Accordingly, the issue of Incentive Securities will not be included under the Company's 15% annual placement capacity pursuant to Listing Rule 7.1.

8.3 Voluntary escrow

The Company and Mr Graham have agreed that the 20,000,000 Shares (**Escrowed Shares**) will be subject to voluntary escrow for a period ending 12 months after the date of issue of those Shares. The Company will request its share registry to place a holding lock over the Escrowed Shares for the duration of the escrow period.

During the escrow period, Mr Graham (or, if the Escrowed Shares are issued to a nominee of Mr Graham, that nominee), may:

- (a) accept the Escrowed Shares into a takeover bid made under Chapter 6 of the Corporations Act in respect of all the Shares that is or has become free of any defeating conditions (other than a condition in respect of the events listed in section 652C of the Corporations Act);
- (b) have the Escrowed Shares transferred or cancelled as part of the transfer or cancellation of all the Shares as part of a scheme of arrangement under Part 5.1 of the Corporations Act; or

- (c) otherwise deal with the Escrowed Shares as may be required by applicable law or order of a court of competent jurisdiction,

and the Company must ask its share registry to remove the holding lock to allow the holder to deal with the Escrowed Shares in the circumstances described above.

With the exception of the holding lock described above, the holder will be entitled to all other rights applicable to holders of Shares in respect of the Escrowed Shares, including in relation to voting, entitlements to participate in pro rata offers to eligible security holders, bonus issues and dividends.

The Escrowed Shares comprise 1.45% of the Company's Shares on issue as at the date of this Notice.

8.4 **Specific information required by Listing Rule 10.13**

Pursuant to and in accordance with Listing Rule 10.13, the following information is provided in relation to the proposed issue of Incentive Securities:

- (a) The maximum number of Securities to be issued to Managing Director Mr Robert Graham (or his nominees) is as follows:
- (i) 20,000,000 Shares; and
 - (ii) 133,800,000 Performance Rights.
- (b) Mr Graham is a related party of the Company by virtue of being a Director and falls into the category stipulated by Listing Rule 10.11.1. In the event the Incentive Securities are issued to a nominee of a Director, that person will fall into the category stipulated by Listing Rule 10.11.4.
- (c) The Shares will be fully paid ordinary shares in the capital of the Company on the same terms and conditions as the Company's existing Shares and will rank equally in all respects with the Company's existing Shares. The Performance Rights will be issued on the terms and conditions in Schedule 2.
- (d) The Incentive Securities will be issued no later than one month after the date of the Meeting.
- (e) The Incentive Securities will be issued for nil cash consideration as they will be issued as part of Mr Graham's remuneration package. Accordingly, no funds will be raised as a result of the issues. The Shares have an issue price of nil.
- (f) The annual remuneration package (inclusive of superannuation) of Mr Graham for 2021 is \$325,000.
- (g) Other than the voluntary escrow described in Section 8.3, there are no additional material terms with respect to the agreements for the proposed issue of the Incentive Securities.
- (h) A voting exclusion statement is included in the Notice.

8.5 Chapter 2E of the Corporations Act

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

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

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

The Board (with Mr Graham abstaining), considers that the agreement to grant the Incentive Securities was reached as part of arms' length negotiations of the remuneration package for Mr Graham and is considered reasonable remuneration in the circumstances.

The Company sought independent advice from a remuneration consultant to assist with the benchmarking of the proposed remuneration compared to other peers. The Company then used this independent advice to structure incentives aimed at growing value for Shareholders.

Notwithstanding the Board's view that the giving of the financial benefit to Mr Graham as contemplated by Resolution 5 falls within the exception in section 211 of the Corporations Act, to provide comprehensive disclosure to Shareholders, the Board also seeks Shareholders' approval of Resolution 5 for the purposes of section 208 of the Corporations Act.

8.6 Information requirements for Chapter 2E of the Corporations Act

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

- (a) **Identity of the related parties to whom Resolution 5 permit financial benefits to be given**

The Incentive Securities will be issued to Mr Graham or his nominee.

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

Resolution 5 seeks approval from Shareholders to allow the Company to issue the Incentive Securities in the amounts specified in Section 8.1 above to Mr Graham or his nominee.

The Incentive Securities comprised of Shares will be fully paid ordinary shares in the capital of the Company on the same terms and conditions as the Company's existing Shares and will rank equally in all respects with the Company's existing Shares, with the exception of the voluntary escrow described in Section 8.3. The Company will apply for official quotation of the Shares on ASX.

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

(c) **Valuation of financial benefit**

A valuation of the Incentive Securities is below.

The details of the valuation of the Incentive Securities comprised of the Performance Rights is in Schedule 3.

Incentive Securities	Value of Incentive Options
Shares	\$300,000 ¹
Performance Rights	\$1,820,340
Total	\$2,120,340

Note 1. Based on the Company's closing Share price on 19 April 2021, the latest practicable date prior to the signing of this Notice, of \$0.015.

(d) **Remuneration of Managing Director**

The total annual remuneration arrangements current for Mr Graham as at the date of this Notice is set out at Section 8.4(f) above.

(e) **Existing relevant interests**

At the date of this Notice, Mr Graham holds the following relevant interests in Equity Securities of the Company:

Director	Shares	Options	Performance Shares
Robert Graham	126,868,605	Nil	145,00,000 ¹

Note 1. The Company is seeking Shareholder approval pursuant to Resolution 6 for the cancellation of these Performance Shares.

The above table includes the relevant interests of Mr Graham, as well as the interest of any entities controlled by any immediate family member of Mr Graham, in the Securities of the Company.

Assuming that Resolution 5 is approved by Shareholders, all of the Performance Rights are issued, vest and are exercised into Shares, and no other Equity Securities are issued or exercised, Mr Graham's interest in the Company would represent approximately 18.30% of the Company's expanded capital.

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Trading history

The trading history of the Shares on ASX over the previous 12 months is summarised below:

Measure	Price	Date
Highest closing price	\$0.027	11 September 2020
Lowest closing price	\$0.010	22 April 2020
Last closing price	\$0.015	19 April 2021 (being the latest practicable date before signing this Notice)

(f) **Dilution**

The issue of the Incentive Securities will have a diluting effect on the percentage interest of existing Shareholders' holdings. Assuming the current Share capital structure as at the latest practicable date before the date of this Notice (being 1,380,183,763 Shares on 19 April 2021) and that no Shares are issued other than the 20,000,000 Shares comprised of the Incentive Securities and 133,800,000 Shares on the vesting and conversion of the Performance Rights, the issue of the Incentive Securities will result in a total dilution of all other Shareholders' holdings of 10.03%. The actual dilution will depend on the extent that additional Shares are issued by the Company.

It is also noted that pursuant to Resolution 6, the Company is seeking Shareholder approval for the cancellation of 150,000,000 Series C Performance Shares. Mr Graham holds 145,000,000 of these Series C Performance Shares (through Enerly Pty Ltd ATF Stronada A/C (an entity related to Mr Graham). If the Series C Performance Shares were to remain on issue and vest, it would result in a total dilution of all other Shareholders' holdings of 9.80% (on the basis of the number of Shares currently on issue).

(g) **Corporate governance**

The Board (with Mr Graham abstaining) considers that the grant of the Incentive Securities as part of Mr Graham's remuneration is consistent with the suggested guidelines for Recommendation 8.2 of the 3rd and 4th editions of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations.

In particular, it is considered that:

- (i) the remuneration package includes an appropriate balance of fixed remuneration and performance-based remuneration; and
- (ii) the Performance Rights are linked to clearly specified performance targets which are aligned to the Company's short, medium and longer term performance objectives and are consistent with the Company's circumstances, purpose, strategic goals, values and risk appetite.

The Board considers that well-designed equity-based remuneration, including options or performance rights, can be an effective form of remuneration, especially when linked

to hurdles that are aligned to the Company's short, medium and longer-term performance objectives.

(h) **Taxation consequences**

There are no material taxation consequences for the Company (other than potentially an increased liability to payroll tax) arising from the issue of the Incentive Securities (including fringe benefits tax).

(i) **Director recommendations**

The Board (excluding Mr Graham, who declines to make a recommendation in relation to Resolution 5 due to his personal interest in the outcome of the Resolution), recommends that Shareholders vote in favour of Resolution 5 for the following reasons:

- (i) through the leadership of Mr Graham, the Company has experienced exceptional growth and advancement since it was reinstated to official quotation on ASX on 12 October 2017, following its recompliance with Chapters 1 and 2 of the Listing Rules;
- (ii) accordingly, the grant of the Incentive Securities is a reasonable benefit to recognise the past performance by Mr Graham;
- (iii) the grant of the Incentive Securities will further align the interests of Mr Graham with those of Shareholders to increase shareholder value;
- (iv) the issue of the Incentive Securities provides Mr Graham with incentives to focus on superior performance in creating shareholder value;
- (v) the grant of the Incentive Securities is a reasonable and appropriate method to provide cost effective remuneration as the non-cash form of this benefit will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to Mr Graham; and
- (vi) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in granting the Incentive Securities upon the terms proposed.

8.7 **Additional information**

To address additional disclosures required by ASX, the Company also notes the following:

(a) **Vesting conditions**

The vesting conditions for the Performance Rights are described in Schedule 2, as extracted below:

Class	Performance Rights	Vesting Condition	Expiry Date
Class A	30,000,000	If the Schrole HR platform is released and announced on the ASX with the following modules in-market (as verified by an independent audit provided by a suitably	31 December 2023

Class	Performance Rights	Vesting Condition	Expiry Date
		<p>qualified IT consultant) with the first of the three modules being released prior to the end of the September 2021 quarter, the second module being released prior to the end of the December 2021 quarter and third module being released before the end of the March 2022 quarter, vesting as follows:</p> <ul style="list-style-type: none"> Schrole Connect V3.0, resulting in 10,000,000 vesting; Schrole Events V1.0 resulting in 10,000,000 vesting; and Schrole Engage V1.0, resulting in 10,000,000 vesting. 	
Class B	36,000,000	<p>If the Revenue in any 12-month period prior to December 2022 reaches \$7,000,000-\$8,000,000, vesting as follows:</p> <ul style="list-style-type: none"> Revenue of \$7,000,000 resulting in 75% vesting (27,000,000); Revenue of between \$6,000,001 and 7,999,999 resulting in a pro rata proportion of Performance Rights vesting; and Revenue of \$8,000,000 resulting in 100% vesting (36,000,000). 	31 December 2023
Class C	26,400,000	<p>If the Revenue for the 2023FY reaches \$10,000,000-\$12,000,000, vesting as follows:</p> <ul style="list-style-type: none"> Revenue of \$10,000,000 resulting in 75% vesting (19,800,000); Revenue of between \$10,000,001 and 11,999,999 resulting in a pro rata proportion of Performance Rights vesting; and Revenue of \$12,000,000 resulting in 100% vesting (26,400,000). 	31 December 2024
Class D	13,200,000	The 30-day VWAP at any time after the date of issue exceeds \$0.03.	31 December 2023
Class E	13,200,000	The 30-day VWAP at any time after the date of issue exceeds \$0.045.	31 December 2023
Class F	15,000,000	The 30-day VWAP at any time after the date of issue exceeds \$0.06.	31 December 2024

There are significant uncertainties associated with forecasting future revenues and expenses of the Company. In light of uncertainty as to timing and outcome of the Company's growth strategies and the general nature of the industry in which the Company operates, as well as uncertain macro market and economic conditions in the Company's markets, the Company's performance in any future period cannot

be reliably estimated. On these bases and after considering ASIC Regulatory Guide 170, the Directors do not believe they have a reasonable basis to reliably forecast future earnings and profits. Accordingly, the Directors are not in a position to disclose the likely timeframe within which it will become profit generating. The Board has previously adopted a policy of not providing forecasts to Shareholders on these bases.

Share-based payments to employees are measured at the fair value of the instruments issued and expensed over the vesting periods. The fair value of performance rights and options is determined using the satisfaction of certain performance criteria (Performance Milestones). The number of shares, options and performance rights expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest. The fair value is determined using either a Black Scholes or Monte Carlo simulation model depending on the type of share-based payment. The cost of equity-settled transactions is recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods. The Directors do not believe they have a reasonable basis to reliably forecast the probability of vesting conditions being achieved and consequently the impact of this on the Company's future profitability.

(b) **Revenue**

The vesting conditions for Class B and Class C of the Performance Rights are linked with the "Revenue" generated by the Company.

"Revenue" means revenue in accordance with the Company's accounting policy and the Australian Accounting Standards, as noted below and in accordance with AASB 15.

The Company recognises revenue as follows:

Revenue is recognised depicting the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Revenue relating to the provision of services reflects the identification of the contract (either written, verbal or implied) that relates to the provision of those services, the identification of the separate performance obligations within the respective contract, the determination of the transaction price, and the recognition of revenue when each performance obligation is satisfied.

Software licence fees

Revenue from software licence fees is recognised over the term of the licence, with such recognition reflecting the progressive satisfaction of the separate performance obligations within the respective licence. These performance obligations include the provision of the software licence platform for the relevant products and, in some cases, the opportunity to attend recruitment fairs that take place during the term of the licence.

Training fees

Revenue from delivery of training services is recognised upon delivery of the respective training course.

Interest revenue

Interest revenue is brought to account on an accruals basis using the effective interest rate method and, if not received at the end of the reporting period, is reflected in the statement of financial position as a receivable.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Using the above definition of "Revenue", the Company has generated a total of \$15,936,281 of Revenue since it was reinstated to official quotation on ASX on 12 October 2017, following its recompliance with Chapters 1 and 2 of the Listing Rules, as follows:

Year	Revenue
2020	6,144,602
2019	5,684,245
2018	2,693,890
2017	1,413,544

(c) **Operating jurisdictions**

The Company currently has international school clients across over 100 countries and is seeking to expand as part of its ongoing business development strategy. The key countries include China, Qatar, United Arab Emirates, Thailand, United States of America, Vietnam, South Korea, India, Kuwait, Taiwan, Hong Kong, Singapore, Egypt, Japan, Brazil and Cambodia. The Company also delivers services within Australia to a range of clients outside of the school system. The Company anticipates that the ongoing delivery of services to clients across these jurisdictions and areas will form part of the revenue pursuant to the vesting conditions for Classes B and C of the Performance Rights.

(d) **Considerations relevant to exercising your vote**

Reasons to vote in favour of Resolution 5	Reasons you may choose to vote against Resolution 5
<p>If Resolution 5 is not passed, the Company will need to consider other forms of incentive remuneration, which would likely include by the payment of cash.</p> <p>The Board believes that incentivising the Managing Director with Securities is a prudent and more appropriate means of</p>	<p>The issue of the Incentive Securities will have a diluting effect on the percentage interest of existing Shareholders' holdings. Assuming the current Share capital structure as at the latest practicable date before the date of this Notice (being 1,380,183,763 Shares on 19 April 2021) and that no Shares are issued other than the 20,000,000</p>

Reasons to vote in favour of Resolution 5	Reasons you may choose to vote against Resolution 5
<p>conserving the Company's available cash reserves</p>	<p>Shares comprised of the Incentive Securities and 133,800,000 Shares on the vesting and conversion of the Performance Rights, the issue of the Incentive Securities will result in a total dilution of all other Shareholders' holdings of 10.03%. The actual dilution will depend on the extent that additional Shares are issued by the Company.</p> <p>However, pursuant to Resolution 6, the Company is seeking Shareholder approval for the cancellation of 150,000,000 Series C Performance Shares. Mr Graham holds 145,000,000 of these Series C Performance Shares (through Enerly Pty Ltd ATF Stronada A/C (an entity related to Mr Graham). If the Series C Performance Shares were to remain on issue and vest, it would result in a total dilution of all other Shareholders' holdings of 9.80% (on the basis of the number of Shares currently on issue).</p>
<p>The Company sought independent advice from a remuneration consultant to assist with the benchmarking of the proposed remuneration compared to other peers. The Company then used this independent advice to structure incentives aimed at growing value for Shareholders.</p>	<p>The Managing Director may be incentivised to drive the focus of the Company towards the satisfaction of the vesting conditions of the Performance Rights, rather than pursuing alternative opportunities for the Company.</p> <p>The Company believes that this is unlikely to present a material risk for the Company's continued growth, as the vesting conditions have been carefully prepared to align with the Company's short, medium and longer term strategies.</p>
<p>The proposed issue of Incentive Securities is intended to further align and reward the efforts of Mr Graham in seeking to achieve growth of the Share price and in the creation of Shareholder value.</p>	<p>-</p>

Reasons to vote in favour of Resolution 5	Reasons you may choose to vote against Resolution 5
<p>The Board believes it is important to offer the Incentive Securities to retain a highly experienced and qualified Managing Director in a competitive market, and the issue of Shares provides an immediate recognition of the experience provided to the Company.</p>	-
<p>The Board considers that the grant of the Incentive Securities as part of Mr Graham's remuneration is consistent with the suggested guidelines for Recommendation 8.2 of the 3rd and 4th editions of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations.</p> <p>In particular, it is considered that:</p> <ul style="list-style-type: none"> • the remuneration package includes an appropriate balance of fixed remuneration and performance-based remuneration; and • the Performance Rights are linked to clearly specified performance targets which are aligned to the Company's short, medium and longer term performance objectives and are consistent with the Company's circumstances, purpose, strategic goals, values and risk appetite. 	-

9. Resolution 6 – Approval of cancellation of Performance Shares

9.1 General

As set out in the Company's prospectus dated 21 August 2017 (**Prospectus**), the Company issued 150,000,000 Series C Performance Shares to the majority vendors (or their nominees) of Schrole Operations Ltd (**SOL**) in partial consideration for the acquisition of 100% of the issued capital of SOL.

The Series C Performance Shares were issued to the following parties:

- For personal use only
- (a) 145,000,000 Series C Performance Shares to Enerly Pty Ltd ATF Stronada A/C (an entity related to Director, Mr Robert Graham);
 - (b) 2,500,000 Series C Performance Shares to Mrs Leonie Debnam (a related party of Mr Michael Kirkwood, a previous director of SOL); and
 - (c) 2,500,000 Series C Performance Shares to Mrs Morven Ann Smith <Rossdhu Family Trust A/C> (a related party of Mr Greg Smith, a previous director of SOL),

(the **Holder**s).

The purpose of Resolution 6 is to seek the requisite approval of Shareholders required under the Corporations Act for the cancellation of the 150,000,000 Series C Performance Shares held by the Holders (**Selective Capital Reduction**).

The effect of Resolution 6 will be the cancellation of the 150,000,000 Series C Performance Shares held by the Holders.

9.2 **Corporations Act**

Pursuant to section 256C of the Corporations Act, a company may make a selective capital reduction if it is approved by a special resolution passed at a general meeting of the Company, with no votes being cast in favour of the resolution by any person who is to receive consideration as part of the reduction or whose liability to pay amounts unpaid on shares is to be reduced.

The Corporations Act provides that the rules relating to a reduction of share capital are designed to protect the interests of shareholders and creditors by:

- (a) addressing the risk of the transaction leading to the Company's solvency;
- (b) seeking to ensure fairness between the shareholders of the Company; and
- (c) requiring the Company to disclose all material information.

In particular, section 256B of the Corporations Act requires that a Company may only reduce its capital if:

- (a) it is fair and reasonable to the shareholders as a whole;
- (b) it does not materially prejudice the Company's ability to pay its creditors (but this requirement does not apply if the reduction is a cancellation of a share for no consideration); and
- (c) it is approved by shareholders in accordance with section 256C of the Corporations Act.

Section 256C(4) of the Corporations Act requires that the Company must include with the Notice a statement setting out all information known to the Company that is material to the decision on how to vote on the resolution. However, the Company does not have to disclose information if it would be unreasonable to require the Company to do so because the Company had previously disclosed the information to shareholders.

The Directors believe that the Selective Capital Reduction as proposed is fair and reasonable to Shareholders for the following reasons:

- For personal use only
- (a) the Selective Capital Reduction will only result in the cancellation of the Series C Performance Shares issued to the Holders;
 - (b) the Selective Capital Reduction will not prejudice the Company's ability to pay its creditors and will have minimal financial effect on the Company; and
 - (c) the financial effect on cash reserves of the Selective Capital Reduction on the Company will be nil as **no monetary consideration is being provided for the Selective Capital Reduction.**

The Directors do not consider that there are any material disadvantages to the Company undertaking the Selective Capital Reduction.

9.3 **Summary of and effect of cancellation of Performance Shares**

If Resolution 6 is approved by Shareholders, the Company's capital structure will be simplified as there will only be one class of share on issue, namely ordinary Shares.

The Series C Performance Shares being cancelled have not vested and therefore will not affect the total percentage of Shares held by all other Shareholders.

The primary purpose of Resolution 6 is to simplify the capital structure of the Company and reduce the number of Performance Shares on issue from 150,000,000 to nil.

As the Series C Performance Shares are proposed to be cancelled for nil consideration, approval of Resolution 6 will not have any financial impact on the Company. As the Series C Performance Shares do not carry any voting rights at general meetings of the Company, cancellation of the Series C Performance Shares will not have any impact on the control of the Company. As such, the voting prohibition described in Section 9.2 does not apply to this Resolution.

9.4 **Interests of Directors**

The Directors (other than Mr Robert Graham) do not have any personal interest in the outcome of Resolution 6.

The Directors believe that the Selective Capital Reduction will not materially prejudice the Company's ability to pay its creditors because the Selective Capital Reduction is being made for nil cash consideration and will have no impact on the Company's cash reserves or its ability to meet its financial commitments.

Accordingly, the Directors (with Mr Graham abstaining) recommend that Shareholders vote in favour of Resolution 6 as they consider the proposed reduction of capital to be fair and reasonable and in the best interests of Shareholders.

9.5 **Other material information**

There is no information material to the making of a decision by a Shareholder whether or not to approve Resolution 6 being information that is known to any of the Directors and which has not been previously disclosed to Shareholders, other than as disclosed in this Notice and Explanatory Memorandum.

Once Resolution 6 is passed by Shareholders, the Company will not make the Selective Capital Reduction until at least 14 days after lodgement of Resolution 6 with the ASIC, in accordance with the ASIC prescribed timeline for selective capital reductions.

9.6 Additional information

Resolution 7 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

The Board (with Mr Graham abstaining) recommends that Shareholders vote in favour of Resolution 7.

10. Resolution 7 – Approval to issue Options to Non-Executive Directors

10.1 General

The Company is proposing, subject to obtaining Shareholder approval, to issue up to 72,000,000 Options (**Incentive Options**) to Stuart Carmichael, Shaun Hardcastle, James King and Guy Perkins (together, **Non-Executive Directors**), or their respective nominees, as follows:

Option Class	Directors	Incentive Options	Exercise price	Expiry Date
A	Stuart Carmichael	6,000,000	\$0.03	31 December 2023
	Shaun Hardcastle	6,000,000	\$0.03	31 December 2023
	James King	6,000,000	\$0.03	31 December 2023
	Guy Perkins	6,000,000	\$0.03	31 December 2023
B	Stuart Carmichael	6,000,000	\$0.045	31 December 2023
	Shaun Hardcastle	6,000,000	\$0.045	31 December 2023
	James King	6,000,000	\$0.045	31 December 2023
	Guy Perkins	6,000,000	\$0.045	31 December 2023
C	Stuart Carmichael	6,000,000	\$0.06	31 December 2024
	Shaun Hardcastle	6,000,000	\$0.06	31 December 2024
	James King	6,000,000	\$0.06	31 December 2024
	Guy Perkins	6,000,000	\$0.06	31 December 2024
TOTAL		72,000,000		

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

The Incentive Options issued to the Non-Executive Directors will vest immediately.

Resolution 7(a) to Resolution 7(d) (inclusive) seek Shareholder approval pursuant to Listing Rule 10.11 and sections 195(4) and 208 of the Corporations Act for the issue of up to 72,000,000 Incentive Options to the Non-Executive Directors or their respective nominees.

10.2 **Listing Rule 10.11**

A summary of Listing Rule 10.11 is in Section 8.2 above.

The proposed issues of Incentive Options to the Non-Executive Directors (or their nominees) falls within Listing Rule 10.11.1 and does not fall within any of the exceptions in Listing Rule 10.12. They therefore require the approval of Shareholders under Listing Rule 10.11.

Resolution 7(a) to Resolution 7(d) (inclusive) seeks the required Shareholder approval to the proposed issues of Incentive Options under and for the purposes of Listing Rule 10.11.

If Resolution 7(a) to Resolution 7(d) (inclusive) are passed, the Company will be able to proceed with the issue of the Incentive Options to the Non-Executive Directors (or their nominees) as part of the Non-Executive Directors' remuneration package.

If Resolution 7(a) to Resolution 7(d) (inclusive) are not passed, the Company will not be able to proceed with the issue of the Incentive Options to the Non-Executive Directors (or their nominees) and the Company may need to consider other forms of incentive remuneration, which may include by the payment of cash.

As Shareholder approval is sought under Listing Rule 10.11, approval under Listing Rule 7.1 is not required. Accordingly, the issue of Incentive Options will not be included under the Company's 15% annual placement capacity pursuant to Listing Rule 7.1.

10.3 **Specific information required by Listing Rule 10.13**

Pursuant to and in accordance with Listing Rule 10.13, the following information is provided in relation to the proposed issue of Incentive Options:

- (a) The Incentive Options will be issued to Messrs Carmichael, Hardcastle, King and Perkins, or their respective nominees, subject to the relevant Director continuing to hold the position of Director as at the date of issue of the Incentive Options.
- (b) The Non-Executive Directors are related parties of the Company by virtue of being Directors and fall into the category stipulated by Listing Rule 10.11.1. If the Non-Executive Directors elects for the Incentive Options to be granted to their nominees, Listing Rule 10.11.4 will apply.
- (c) The maximum number of Incentive Options to be issued to the Non-Executive Directors (or their respective nominees) is 72,000,000, in the proportions set out in Section 10.1 above.
- (d) The Incentive Options will be issued on the terms and conditions in Schedule 4.
- (e) The Incentive Options will be issued no later than one month after the date of the Meeting.

- (f) The Incentive Options will be issued for nil cash consideration as they will be issued as part of the Non-Executive Directors' remuneration package. Accordingly, no funds will be raised as a result of the issues.
- (g) The annual remuneration package (inclusive of superannuation) of the Non-Executive Directors as at the date of this Notice are set out below:

Directors	Salary and fees (inclusive of superannuation)
Stuart Carmichael	\$69,277
Shaun Hardcastle	\$60,375
James King	\$36,958
Guy Perkins ¹	\$6,093

Note:

1. Guy Perkins was appointed to the Board on 27 October 2020 and therefore his remuneration is recorded from 27 October to 31 December 2020.
- (h) There are no additional material terms with respect to the agreements for the proposed issue of the Incentive Options.
- (i) A voting exclusion statement is included in the Notice.

10.4 Information requirements for Chapter 2E of the Corporations Act

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

- (a) **Identity of the related parties to whom Resolution 7(a), to Resolution 7(d) (inclusive) permit financial benefits to be given**

The Incentive Options will be issued to Messrs Carmichael, Hardcastle, King and Perkins or their respective nominees.

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

Resolution 7(a) to Resolution 7(d) (inclusive) seek approval from Shareholders to allow the Company to issue the Incentive Options in the amounts specified in Section 11.1 above to the Non-Executive Directors or their nominees.

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

(c) **Valuation of financial benefit**

A valuation of the Incentive Options is in Schedule 5, with a summary for each Non-Executive Director below:

Non-Executive Director	Value of Incentive Options
Stuart Carmichael	\$123,531
Shaun Hardcastle	\$123,531
James King	\$123,531
Guy Perkins	\$123,531

(d) **Remuneration of Non-Executive Directors**

The total annual remuneration arrangements current for Messrs Carmichael, Hardcastle, King and Perkins as at the date of this Notice is set out at Section 10.3(g) above.

(e) **Existing relevant interests**

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

Directors	Shares	Options	Performance Rights
Stuart Carmichael	500,000	Nil	Nil
Shaun Hardcastle	Nil	Nil	Nil
James King	5,254,717	Nil	Nil
Guy Perkins	2,296,352	Nil	Nil

Assuming that Resolution 7(a) to Resolution 7(d) (inclusive) are approved by Shareholders, all of the Incentive Options are issued, vest and are exercised into Shares, and no other Equity Securities are issued or exercised, the respective interests of the Non-Executive Directors in the Company would be as follows:

- (i) Mr Carmichael's interest would represent approximately 1.27% of the Company's expanded capital;
- (ii) Mr Hardcastle's interest would represent approximately 1.24% of the Company's expanded capital;
- (iii) Mr King's interest would represent approximately 1.60% of the Company's expanded capital; and
- (iv) Mr Perkin's interest would represent approximately 1.40% of the Company's expanded capital.

(f) **Trading history**

The trading history of the Shares on ASX over the previous 12 months is summarised in Section 8.6(f) above.

(g) **Dilution**

The issue of the Incentive Options will have a diluting effect on the percentage interest of existing Shareholders' holdings if the Incentive Options vest and are exercised. Assuming the current Share capital structure as at the latest practicable date before the date of this Notice (being 1,380,183,763 Shares on 19 April 2021) and that no Shares are issued other than the Shares issued on exercise of the Incentive Options, the exercise of all of the Incentive Options will result in a total dilution of all other Shareholders' holdings of 4.96% (assuming that all Incentive Options are exercised). The actual dilution will depend on the extent that additional Shares are issued by the Company.

(h) **Corporate governance**

The Board acknowledges the participation participates in an employee incentive scheme is contrary to Recommendation 8.2 of the 3rd and 4th editions of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations. However, the Board considers the grant of Incentive Options to the Non-Executive Directors reasonable in the circumstances for the reasons set out in Section 10.1. The Board also considers that the grant does not affect the independence of the Non-Executive Directors, as there is no performance based milestone attaching to the Incentive Options.

(i) **Taxation consequences**

There are no taxation consequences for the Company (other than potentially an increased liability to payroll tax) arising from the issue of the Incentive Options (including fringe benefits tax).

(j) **Director recommendations**

Messrs Carmichael, Hardcastle, King and Perkins decline to make a recommendation in relation to Resolution 7(a) to Resolution 7(d) (inclusive), due to their personal interest in the outcome of the Resolutions.

Robert Graham, being the sole Director without a personal interest in relation to Resolution 7(a) to Resolution 7(d) (inclusive), recommends that Shareholders vote in favour of those Resolutions for the following reasons:

- (i) through the leadership of Messrs Carmichael, Hardcastle and King, they have overseen the development of the Company throughout a period of exceptional growth and advancement over the last 24 months;
- (ii) accordingly, the grant of the Incentive Options is a reasonable benefit to recognise the past performance by Messrs Carmichael, Hardcastle, King and Perkins;
- (iii) if all the Incentive Options vest and are exercised, based on the exercise prices of \$0.03, \$0.045 and \$0.06, the Company will receive \$3.24 million;

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- (iv) the grant of the Incentive Options will further align the interests of Messrs Carmichael, Hardcastle, King and Perkins with those of Shareholders to increase shareholder value;
 - (v) the issue of the Incentive Options provides Messrs Carmichael, Hardcastle, King and Perkins with incentives to focus on superior performance in creating shareholder value;
 - (vi) the grant of the Incentive Options is a reasonable and appropriate method to provide cost effective remuneration as the non-cash form of this benefit will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to Messrs Carmichael, Hardcastle, King and Perkins; and
 - (vii) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in granting the Incentive Options upon the terms proposed.

10.5 **Additional information**

Resolution 7(a) to Resolution 7(d) (inclusive) are ordinary resolutions.

11. **Resolution 8 – Renewed Approval of Employee Incentive Plan**

11.1 **General**

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

Resolution 8 seeks Shareholders' renewed approval for the adoption of the employee incentive scheme titled "*Schrole Group Ltd Employee Incentive Plan*" (**Plan**) in accordance with Listing Rule 7.2 exception 13(b).

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

Shareholders approved the Plan at the annual general meeting held on 24 July 2020. In light of the proposed increase to the number of Equity Securities to be issued under the Plan (from 75,930,449 to 150,000,000), the Company is seeking a renewed approval at this Meeting.

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

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.

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

If Resolution 8 is passed, the Company will be able to issue Equity Securities under the Plan to eligible participants over a period of three years up to a nominated maximum amount without using the Company's 15% annual placement capacity under Listing Rule 7.1.

If Resolution 8 is not passed, the Company will not be able to issue Equity Securities under the Plan to eligible participants over a period of three years up to a nominated maximum amount without using the Company's 15% annual placement capacity under Listing Rule 7.1.

However, any future issues of Equity Securities under the Plan to a related party or a person whose relation with the Company or the related party is, in ASX's opinion, such that approval should be obtained will require additional Shareholder approval under Listing Rule 10.14 at the relevant time.

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

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

- (a) the material terms of the Plan are summarised in Schedule 6;
- (b) since the Plan was last approved by Shareholders on 24 July 2020, no new Equity Securities have been issued under the terms of the Plan;
- (c) the maximum number of Equity Securities proposed to be issued under the Plan following approval of Resolution 8 shall not exceed 150,000,000 Equity Securities, which is equal to approximately 10% of the Company's Equity Securities currently on issue; and
- (d) a voting exclusion statement is included in the Notice.

11.4 **Additional information**

Resolution 8 is an ordinary resolution.

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

Schedule 1 Definitions

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

10% Placement Facility	has the meaning given in Section 7.1.
10% Placement Period	has the meaning given in Section 7.2(f).
\$ or A\$	means Australian Dollars.
Annual Report	means the Directors' Report, the Financial Report, and Auditor's Report, in respect to the year ended 31 December 2020.
ASX	means the ASX Limited (ABN 98 008 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX Limited.
Auditor's Report	means the auditor's report on the Financial Report.
Board	means the board of Directors.
Chair	means the person appointed to chair the Meeting of the Company convened by the Notice.
Closely Related Party	means: (a) a spouse or child of the member; or (b) has the meaning given in section 9 of the Corporations Act.
Company	means Schrole Group Ltd (ACN 164 440 859).
Constitution	means the constitution of the Company as at the date of the Meeting.
Corporations Act	means the <i>Corporations Act 2001</i> (Cth).
Director	means a director of the Company.
Directors' Report	means the annual directors' report prepared under Chapter 2M of the Corporations Act for the Company and its controlled entities.
Employees	means the employees of the Company.
Equity Security	has the same meaning as in the Listing Rules.
Escrowed Shares	has the meaning given in Section 8.3.
Explanatory Memorandum	means the explanatory memorandum which forms part of the Notice.
Financial Report	means the annual financial report prepared under Chapter 2M of the Corporations Act for the Company and its controlled entities.
Holdings	has the meaning given in Section 9.1.

Incentive Options	has the meaning given in Section 10.1.
Key Management Personnel	has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any Director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.
Listing Rules	means the listing rules of ASX.
Meeting	has the meaning given in the introductory paragraph of the Notice.
Minimum Issue Price	has the meaning given in Section 7.2(e).
Non-Executive Directors	means: <ul style="list-style-type: none"> (a) Mr Stuart Carmichael; (b) Mr Shaun Hardcastle; (c) Mr James King; and (d) Mr Guy Perkins.
Notice	means this notice of annual general meeting.
Option	means an option to acquire a Share.
Performance Right	means a right to be issued a Share upon satisfaction of certain vesting milestones set out in Schedule 2.
Prospectus	means the Company's prospectus dated 18 August 2017.
Proxy Form	means the proxy form attached to the Notice.
Remuneration Report	means the remuneration report of the Company contained in the Directors' Report.
Resolution	means a resolution referred to in the Notice.
Rule	means a rule of the Constitution.
Schedule	means a schedule to the Notice.
Section	means a section of the Explanatory Memorandum.
Securities	means any Equity Securities of the Company (including Shares, Options and/or Performance Rights).
Series C Performance Shares	means the Series C performance shares that were issued on the terms set out in the Prospectus.
Share	means a fully paid ordinary share in the capital of the Company.

Shareholder	means the holder of a Share.
Strike	means a 'no' vote of 25% or more on the resolution approving the Remuneration Report.
Trading Day	has the meaning given in the Listing Rules.
VWAP	means volume weighted average market price.
WST	means Western Standard Time, being the time in Perth, Western Australia.

Schedule 2 Terms and Conditions of Performance Rights

1. Entitlement

The Performance Rights entitle the holder (**Holder**) to subscribe for one Share upon the conversion of each Performance Right.

2. Consideration

The Performance Rights will be granted for nil cash consideration.

3. Conversion price

The conversion price of each Performance Right is nil.

4. Vesting Conditions

The Performance Rights will be granted with the Vesting Conditions and Expiry Date as follows:

Class	Performance Rights	Vesting Condition	Expiry Date
Class A	30,000,000	<p>If the Schrole HR platform is released and announced on the ASX with the following modules in-market (as verified by an independent audit provided by a suitably qualified IT consultant) with the first of the three modules being released prior to the end of the September 2021 quarter, the second module being released prior to the end of the December 2021 quarter and third module being released before the end of the March 2022 quarter, vesting as follows:</p> <ul style="list-style-type: none"> Schrole Connect V3.0, resulting in 10,000,000 vesting; Schrole Events v1.0 resulting in 10,000,000 vesting; and Schrole Engage V1.0, resulting in 10,000,000 vesting. 	31 December 2023
Class B	36,000,000	<p>If the Revenue in any 12-month period prior to December 2022 reaches \$7,000,000-\$8,000,000, vesting as follows:</p> <ul style="list-style-type: none"> Revenue of \$7,000,000 resulting in 75% vesting (27,000,000); Revenue of between \$6,000,001 and 7,999,999 resulting in a pro rata proportion of Performance Rights vesting; and 	31 December 2023

Class	Performance Rights	Vesting Condition	Expiry Date
		<ul style="list-style-type: none"> Revenue of \$8,000,000 resulting in 100% vesting (36,000,000). 	
Class C	26,400,000	<p>If the Revenue for the 2023FY reaches \$10,000,000-\$12,000,000, vesting as follows:</p> <ul style="list-style-type: none"> Revenue of \$10,000,000 resulting in 75% vesting (19,800,000); Revenue of between \$10,000,001 and 11,999,999 resulting in a pro rata proportion of Performance Rights vesting; and Revenue of \$12,000,000 resulting in 100% vesting (26,400,000). 	31 December 2024
Class D	13,200,000	The 30-day VWAP at any time after the date of issue exceeds \$0.03.	31 December 2023
Class E	13,200,000	The 30-day VWAP at any time after the date of issue exceeds \$0.045.	31 December 2023
Class F	15,000,000	The 30-day VWAP at any time after the date of issue exceeds \$0.06.	31 December 2024

(a) **Revenue**

The vesting conditions for Class B and Class C of the Performance Rights are linked with the "Revenue" generated by the Company.

"Revenue" means revenue in accordance with the Company's accounting policy and the Australian Accounting Standards, as noted below and in accordance with AASB 15.

The Company recognises revenue as follows:

Revenue is recognised depicting the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Revenue relating to the provision of services reflects the identification of the contract (either written, verbal or implied) that relates to the provision of those services, the identification of the separate performance obligations within the respective contract, the determination of the transaction price, and the recognition of revenue when each performance obligation is satisfied.

Software licence fees

Revenue from software licence fees is recognised over the term of the licence, with such recognition reflecting the progressive satisfaction of the separate performance obligations within the respective licence. These performance obligations include the provision of the software licence platform for the relevant products and, in some cases, the opportunity to attend recruitment fairs that take place during the term of the licence.

Training fees

Revenue from delivery of training services is recognised upon delivery of the respective training course.

Interest revenue

Interest revenue is brought to account on an accruals basis using the effective interest rate method and, if not received at the end of the reporting period, is reflected in the statement of financial position as a receivable.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established

5. **Expiry Date**

All unvested, or vested but unexercised, Performance Rights will expire automatically at 5.00 pm WST on the date specified in clause 4.

6. **Vesting and Conversion Notice**

The Company will notify the Holder in writing (**Vesting Notice**) within 3 Business Days of becoming aware that the Vesting Condition has been satisfied. For the avoidance of doubt, the Vesting Conditions can only be satisfied once and may only be satisfied on or before the relevant Expiry Date.

Upon receipt of a Vesting Notice, the Holder may apply to convert the Performance Rights into Shares by delivering a signed notice of conversion to the Company, in the form provided by the Company to the Holder (**Conversion Notice**).

7. **Timing of issue of Shares and quotation of Shares on conversion**

As soon as practicable after the valid delivery of a Conversion Notice by the Holder to the Company, the Company will:

- (a) issue, allocate or cause to be transferred to the Holder (or its nominee) the number of Shares to which the Holder is entitled as specified in the Conversion Notice;
- (b) issue a substitute Certificate for any remaining unconverted Performance Rights held by the Holder;
- (c) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act; and
- (d) do all such acts, matters and things to obtain the grant of quotation of the Shares by ASX in accordance with the Listing Rules.

All Shares issued upon the conversion of Performance Rights will upon issue rank equally in all respects with the then issued Shares.

8. **Restrictions on transfer of Shares**

If the Company is unable to give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, Shares issued on conversion of a Performance Right may not be traded until 12 months after their issue unless the Company, at its sole discretion, elects to issue a prospectus pursuant to section 708A(11) of the Corporations Act.

9. **Leaver**

Where the Holder (or the person who is entitled to be registered as the holder) of the Performance Rights is no longer employed, or their engagement is discontinued (for whatever reason), with the Company, any unconverted and unvested Performance Rights will automatically lapse and be forfeited by the Holder, unless the Board otherwise determines in its discretion.

10. **Participation in new issues**

There are no participation rights or entitlements inherent in the Performance Rights and a holder will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Performance Rights. However, the Company will give the holder notice of the proposed issue prior to the date for determining entitlements to participate in any such issue.

11. **Adjustment for bonus issues of Shares**

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction, of dividends or by way of dividend reinvestment) no changes will be made to the Performance Rights.

12. **Adjustments for reorganisation**

If at any time the issued capital of the Company is reconstructed, all rights of the Holder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

13. **Quotation of Performance Rights**

The Performance Rights will be unquoted Performance Rights.

14. **Performance Rights non-transferable**

The Performance Rights are non-transferable.

15. **Dividend rights**

A Performance Right does not entitle the Holder to any dividends.

16. **Return of capital rights**

The Performance Rights do not confer any right to a return of capital, whether in a winding up, upon a reduction of capital or otherwise.

17. **No other rights**

A Performance Right does not give a Holder any rights other than those expressly provided by these terms, the Agreement and those provided at law where such rights at law cannot be excluded by these terms.

18. **Change of Control**

- (a) If prior to the earlier of the conversion of the Performance Rights or the Expiry Date a Change in Control Event occurs, then each Performance Right will automatically vest and immediately convert into a Share.

- (b) A Change of Control Event means:
- (i) **takeover bid:** the occurrence of the offeror under a takeover offer in respect of all Shares announcing that it has achieved acceptances in respect of more than 50.1% of the Shares and that takeover bid has become unconditional (except any condition in relation to the cancellation or conversion of the Performance Rights); or
 - (ii) **scheme of arrangement:** the announcement by the Company that:
 - (A) the Shareholders have at a Court-convened meeting of Shareholders voted in favour, by the necessary majority, of a proposed scheme of arrangement under which all Shares are to be either cancelled or transferred to a third party; and
 - (B) the Court, by order, has approved the proposed scheme of arrangement.

Schedule 3 Valuation of Performance Rights

The values of the Performance Rights to be granted pursuant to Resolution 5 have been estimated using the Black-Scholes option pricing model and a barrier up-and-in trinomial option pricing model with a Parisian barrier adjustment. The assumptions used and resulting estimated values are set out below.

Item	Class A	Class B	Class C	Class D	Class E	Class F
Underlying security spot price	\$0.015	\$0.015	\$0.015	\$0.015	\$0.015	\$0.015
Exercise price	Nil	Nil	Nil	Nil	Nil	Nil
Valuation date	16-Apr-21	16-Apr-21	16-Apr-21	16-Apr-21	16-Apr-21	16-Apr-21
Commencement of performance period	16-Apr-21	16-Apr-21	16-Apr-21	16-Apr-21	16-Apr-21	16-Apr-21
Performance measurement/vesting date	31-Dec-23	31-Dec-23	31-Dec-24	31-Dec-23	31-Dec-23	31-Dec-24
Performance period (years)	2.71	2.71	3.71	2.71	2.71	3.71
Expiry date	31-Dec-23	31-Dec-23	31-Dec-24	31-Dec-23	31-Dec-23	31-Dec-24
Life of the Rights (years)	2.71	2.71	3.71	2.71	2.71	3.71
Volatility of Schrole	100%	100%	100%	100%	100%	100%
Risk-free rate	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%
Dividend yield	Nil	Nil	Nil	Nil	Nil	Nil
Number of Rights	30,000,000	36,000,000	26,400,000	13,200,000	13,200,000	15,000,000
Valuation per Right	\$0.0150	\$0.0150	\$0.0150	\$0.0115	\$0.0097	\$0.0103
Valuation per Class	\$450,000	\$540,000	\$396,000	\$151,800	\$128,040	\$154,500

Notes:

The valuations took into account the following matters:

1. Each Performance Right vests upon the Company achieving a Vesting Condition as detailed in Schedule 2. Upon achievement of the Vesting Condition each Performance Right will convert into one Share.
2. Given that the Performance Rights are to be issued for no cash consideration, the value of the Performance Rights is reflected in the underlying Share price at the valuation date. The Share price used is based on the closing price on 16 April 2021, being the latest practicable date prior to the signing of this Notice, of \$0.015.
3. No consideration is to be paid upon exercising the Performance Rights.

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Schedule 4 Terms and Conditions of Incentive Options

1. **Entitlement**

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

2. **Consideration**

The Options will be granted for nil cash consideration.

3. **Exercise Price and Expiry Date**

The Options will be granted with the Exercise Price and Expiry Date as follows:

Class	Exercise Price	Expiry Date
A	\$0.03	31 December 2023
B	\$0.045	31 December 2023
C	\$0.06	31 December 2024

4. **Expiry Date**

All unvested, or vested but unexercised, Options will expire automatically at 5.00 pm WST on the date specified in clause 3.

5. **Notice of Exercise**

The Options may be exercised at any time before the Expiry Date by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

6. **Timing of issue of Shares and quotation of Shares on exercise**

Within 5 Business Days after the Exercise Date, the Company will:

- (a) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (b) issue a substitute Certificate for any remaining unexercised Options held by the Holder;
- (c) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act; and
- (d) do all such acts, matters and things to obtain the grant of quotation of the Shares by ASX in accordance with the Listing Rules.

All Shares issued upon the conversion of Options will upon issue rank equally in all respects with the then issued Shares.

7. **Restrictions on transfer of Shares**

If the Company is unable to give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, Shares issued on exercise of an Option may not be traded until 12 months after their issue unless the Company, at its sole discretion, elects to issue a prospectus pursuant to section 708A(11) of the Corporations Act.

8. **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and a holder will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will give the holder notice of the proposed issue prior to the date for determining entitlements to participate in any such issue.

9. **Adjustment for bonus issues of Shares**

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction, of dividends or by way of dividend reinvestment) no changes will be made to the Options.

10. **Adjustments for reorganisation**

If at any time the issued capital of the Company is reconstructed, all rights of an Option holder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

11. **Quotation of Options**

The Options will be unquoted Options.

12. **Options non-transferable**

The Options are non-transferable.

13. **Dividend rights**

A Option does not entitle the Holder to any dividends.

14. **Return of capital rights**

The Options do not confer any right to a return of capital, whether in a winding up, upon a reduction of capital or otherwise.

15. **No other rights**

A Option does not give a Holder any rights other than those expressly provided by these terms, the Agreement and those provided at law where such rights at law cannot be excluded by these terms.

Schedule 5 Valuation of Incentive Options

The Incentive Options to be issued to the Non-Executive Directors pursuant to Resolution 7(a), Resolution 7(b), Resolution 7(c) and Resolution 7(d) have been valued by an external consultant using the Black & Scholes valuation model on the following assumptions:

Non-Executive Director	Stuart Carmichael	Shaun Hardcastle	James King	Guy Perkins
Class A Incentive Options exercisable at \$0.03				
Number of Incentive Options	6,000,000	6,000,000	6,000,000	6,000,000
Valuation date	24 May 2021	24 May 2021	24 May 2021	24 May 2021
Assumed Share price at grant date	\$0.015	\$0.015	\$0.015	\$0.015
Exercise price	\$0.03	\$0.03	\$0.03	\$0.03
Market value on ASX of underlying Shares at the time of setting the exercise price	\$0.015 24 May 2021	\$0.015 24 May 2021	\$0.015 24 May 2021	\$0.015 24 May 2021
Expiry date	31 December 2023	31 December 2023	31 December 2023	31 December 2023
Expected volatility	110%	110%	110%	110%
Risk free interest rate	0.105%	0.105%	0.105%	0.105%
Annualised dividend yield	0%	0%	0%	0%
Value of each Incentive Option	\$0.0074	\$0.0074	\$0.0074	\$0.0074
Aggregate value of each Incentive Option	\$44,091	\$44,091	\$44,091	\$44,091

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Non-Executive Director	Stuart Carmichael	Shaun Hardcastle	James King	Guy Perkins
Class B Incentive Options exercisable at \$0.045				
Number of Incentive Options	6,000,000	6,000,000	6,000,000	6,000,000
Valuation date	24 May 2021	24 May 2021	24 May 2021	24 May 2021
Assumed Share price at grant date	\$0.015	\$0.015	\$0.015	\$0.015
Exercise price	\$0.045	\$0.045	\$0.045	\$0.045
Market value on ASX of underlying Shares at the time of setting the exercise price	\$0.015 24 May 2021	\$0.015 24 May 2021	\$0.015 24 May 2021	\$0.015 24 May 2021
Expiry date	31 December 2023	31 December 2023	31 December 2023	31 December 2023
Expected volatility	110%	110%	110%	110%
Risk free interest rate	0.105%	0.105%	0.105%	0.105%
Annualised dividend yield	0%	0%	0%	0%
Value of each Incentive Option	\$0.0061	\$0.0061	\$0.0061	\$0.0061
Aggregate value of each Incentive Option	\$36,782	\$36,782	\$36,782	\$36,782
Class C Incentive Options exercisable at \$0.06				
Number of Incentive Options	6,000,000	6,000,000	6,000,000	6,000,000
Valuation date	24 May 2021	24 May 2021	24 May 2021	24 May 2021

Non-Executive Director	Stuart Carmichael	Shaun Hardcastle	James King	Guy Perkins
Assumed Share price at grant date	\$0.015	\$0.015	\$0.015	\$0.015
Exercise price	\$0.06	\$0.06	\$0.06	\$0.06
Market value on ASX of underlying Shares at the time of setting the exercise price	\$0.015 24 May 2021	\$0.015 24 May 2021	\$0.015 24 May 2021	\$0.015 24 May 2021
Expiry date	31 December 2024	31 December 2024	31 December 2024	31 December 2024
Expected volatility	110%	110%	110%	110%
Risk free interest rate	0.105%	0.105%	0.105%	0.105%
Annualised dividend yield	0%	0%	0%	0%
Value of each Incentive Option	\$0.053	\$0.053	\$0.053	\$0.053
Aggregate value of each Incentive Option	\$42,657	\$42,657	\$42,657	\$42,657

Notes:

1. The Incentive Options issued to Messrs Carmichael, Hardcastle, King and Perkins will vest immediately.
2. At the Valuation Date, the volatility of the Share price of the Company was calculated using data extracted from Bloomberg.
3. The Australian Government 3-year bond rate as at the Valuation Date was used.
4. A nil dividend yield was assumed on the basis that the Company is unlikely to pay a dividend during the life of the Employee Options.
5. The assumed Share price at the grant date of \$0.015 is based on the underlying Share price on the valuation date of 24 May 2021.
6. Under the accounting standard AASB 2 Share Based Payments, the Company will recognise a non-cash expense in the income statement based on the fair value of the Options over the period from the date of

issue to the vesting date. The total of the fair value of the Options will be allocated over the applicable vesting periods.

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Schedule 6 Summary of Employee Incentive Plan

A summary of the terms of the Schrole Group Ltd Employee Incentive Scheme is set out below:

1. Eligible Participant

Eligible Participant means a person that:

- (a) is an "eligible participant" (as that term is defined in ASIC Class Order 14/1000) in relation to the Company or an Associated Body Corporate (as that term is defined in ASIC Class Order 14/1000); and
- (b) has been determined by the Board to be eligible to participate in the Scheme from time to time.

2. Purpose

The purpose of the Plan is to:

- (a) assist in the reward, retention and motivation of Eligible Participants;
- (b) link the reward of Eligible Participants to Shareholder value creation; and
- (c) align the interests of Eligible Participants with shareholders of the Group (being the Company and each of its Associated Bodies Corporate), by providing an opportunity to Eligible Participants to receive an equity interest in the Company in the form of Securities.

3. Scheme administration

The Scheme will be administered by the Board. The Board may exercise any power or discretion conferred on it by the Scheme rules in its sole and absolute discretion. The Board may delegate its powers and discretion.

4. Eligibility, invitation and application

The Board may from time to time determine that an Eligible Participant may participate in the Scheme and make an invitation to that Eligible Participant to apply for Securities on such terms and conditions as the Board decides.

On receipt of an Invitation, an Eligible Participant may apply for the Securities the subject of the invitation by sending a completed application form to the Company. The Board may accept an application from an Eligible Participant in whole or in part.

If an Eligible Participant is permitted in the invitation, the Eligible Participant may, by notice in writing to the Board, nominate a party in whose favour the Eligible Participant wishes to renounce the invitation.

5. Grant of Securities

The Company will, to the extent that it has accepted a duly completed application, grant the Participant the relevant number of Securities, subject to the terms and conditions set out in the invitation, the Plan rules and any ancillary documentation required.

6. **Terms of Convertible Securities**

Each 'Convertible Security' represents a right to acquire one or more Shares (for example, under an option or performance right), subject to the terms and conditions of the Scheme.

Prior to a Convertible Security being exercised a Participant does not have any interest (legal, equitable or otherwise) in any Share the subject of the Convertible Security by virtue of holding the Convertible Security. A Participant may not sell, assign, transfer, grant a security interest over or otherwise deal with a Convertible Security that has been granted to them. A Participant must not enter into any arrangement for the purpose of hedging their economic exposure to a Convertible Security that has been granted to them.

7. **Vesting of Convertible Securities**

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

8. **Exercise of Convertible Securities and cashless exercise**

To exercise a Convertible Security, the Participant must deliver a signed notice of exercise and, subject to a cashless exercise of Convertible Securities (see below), pay the exercise price (if any) to or as directed by the Company, at any time prior to the earlier of any date specified in the vesting notice and the expiry date as set out in the invitation.

An invitation may specify that at the time of exercise of the Convertible Securities, the Participant may elect not to be required to provide payment of the exercise price for the number of Convertible Securities specified in a notice of exercise, but that on exercise of those Convertible Securities the Company will transfer or issue to the Participant that number of Shares equal in value to the positive difference between the Market Value of the Shares at the time of exercise and the exercise price that would otherwise be payable to exercise those Convertible Securities.

Market Value means, at any given date, the volume weighted average price per Share traded on the ASX over the 5 trading days immediately preceding that given date, unless otherwise specified in an invitation.

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

9. **Delivery of Shares on exercise of Convertible Securities**

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

10. **Forfeiture of Convertible Securities**

Where a Participant who holds Convertible Securities ceases to be an Eligible Participant or becomes insolvent, all unvested Convertible Securities will automatically be forfeited by the

Participant, unless the Board otherwise determines in its discretion to permit some or all of the Convertible Securities to vest.

Where the Board determines that a Participant has acted fraudulently or dishonestly, or wilfully breached his or her duties to the Group, the Board may in its discretion deem all unvested Convertible Securities held by that Participant to have been forfeited.

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

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

11. Change of control

If a change of control event occurs in relation to the Company, or the Board determines that such an event is likely to occur, the Board may in its discretion determine the manner in which any or all of the Participant's Convertible Securities will be dealt with, including, without limitation, in a manner that allows the Participant to participate in and/or benefit from any transaction arising from or in connection with the change of control event.

12. Rights attaching to Plan Shares

All Shares issued under the Scheme, or issued or transferred to a Participant upon the valid exercise of a Convertible Security, (Scheme Shares) will rank *pari passu* in all respects with the Shares of the same class. A Participant will be entitled to any dividends declared and distributed by the Company on the Scheme Shares and may participate in any dividend reinvestment plan operated by the Company in respect of Scheme Shares. A Participant may exercise any voting rights attaching to Scheme Shares.

13. Disposal restrictions on Plan Shares

If the invitation provides that any Scheme Shares are subject to any restrictions as to the disposal or other dealing by a Participant for a period, the Board may implement any procedure it deems appropriate to ensure the compliance by the Participant with this restriction.

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

- (a) transfer, encumber or otherwise dispose of, or have a security interest granted over that Scheme Share; or
- (b) take any action or permit another person to take any action to remove or circumvent the disposal restrictions without the express written consent of the Company.

14. Adjustment of Convertible Securities

If there is a reorganisation of the issued share capital of the Company (including any subdivision, consolidation, reduction, return or cancellation of such issued capital of the Company), the rights of each Participant holding Convertible Securities will be changed to the extent necessary to

comply with the Listing Rules applicable to a reorganisation of capital at the time of the reorganisation.

If Shares are issued by the Company by way of bonus issue (other than an issue in lieu of dividends or by way of dividend reinvestment), the holder of Convertible Securities is entitled, upon exercise of the Convertible Securities, to receive an allotment of as many additional Shares as would have been issued to the holder if the holder held Shares equal in number to the Shares in respect of which the Convertible Securities are exercised.

Unless otherwise determined by the Board, a holder of Convertible Securities does not have the right to participate in a pro rata issue of Shares made by the Company or sell renounceable rights.

15. **Participation in new issues**

There are no participation rights or entitlements inherent in the Convertible Securities and holders are not entitled to participate in any new issue of Shares of the Company during the currency of the Convertible Securities without exercising the Convertible Securities.

16. **Amendment of Scheme**

Subject to the following paragraph, the Board may at any time amend any provisions of the Scheme rules, including (without limitation) the terms and conditions upon which any Securities have been granted under the Scheme and determine that any amendments to the Scheme rules be given retrospective effect, immediate effect or future effect.

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

17. **Scheme duration**

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

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