

Leigh Creek Energy Limited

ACN 107 531 822

Notice of Annual General Meeting

And Explanatory Memorandum

Notice is hereby given that the Annual General Meeting of Leigh Creek Energy Limited (**Company**) will be held at Level 11, 19 Grenfell Street Adelaide SA 5000 and via an online meeting platform:

Date of Meeting: 4 November 2021

Time of Meeting: 9.30 am (Adelaide time)

DUE TO THE ONGOING COVID-19 PANDEMIC, SHAREHOLDERS WILL NOT BE ABLE TO ATTEND THE MEETING IN PERSON.

Shareholders are urged to vote by lodging the proxy form that has been separately sent to you.

The Company has made arrangements for the meeting to be held virtually. Shareholders who wish to attend and participate in the virtual meeting can do so via the online meeting platform. Further details of how to access the Meeting and participate are detailed further below.

General Business:

Accounts

To consider the financial report and the reports of the Directors and of the Auditors for the financial year ended 30 June 2021.

Ordinary Business:

Resolution 1 – Adoption of the Remuneration Report for the year ended 30 June 2021

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

“That for the purpose of Section 250R(2) of the Corporations Act, the Company adopts the Remuneration Report for the financial year ended 30 June 2021 as set out in the Directors’ Report section of the 2021 Annual Report.”

Note: Pursuant to section 250R(3) of the Corporations Act, the vote on the resolution to adopt the Remuneration Report is advisory only and does not bind the Directors or the Company.

Resolution 2 – Re-election of Mr Zheng Xiaojiang

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

“That, Mr Zheng Xiaojiang, a director retiring in accordance with clause 44.3(a) of the Company’s Constitution and Listing Rule 14.4 and having offered himself for re-election, is hereby re-elected as a Director of the Company with immediate effect.”

Information regarding the candidate for re-election can be found in the Explanatory Memorandum that accompanies this Notice of Annual General Meeting.

Resolution 3 – Issue of short term incentive options to Justyn Peters

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

“That for the purpose of ASX Listing Rule 10.11 and for all other purposes, the grant to Mr Justyn Peters (or his nominee) of unlisted Options, as his short term incentive for the year ended 30 June 2022, on the terms set out in the Explanatory Memorandum accompanying this Notice of Annual General Meeting, is approved.”

Resolution 4 – Issue of short term incentive options to Phillip Staveley

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

“That for the purpose of ASX Listing Rule 10.11 and for all other purposes, the grant to Mr Phillip Staveley (or his nominee) of unlisted Options, as his short term incentive for the year ended 30 June 2022, on the terms set out in the Explanatory Memorandum accompanying this Notice of Annual General Meeting, is approved.”

Resolution 5 – Issue of long term incentive options to Justyn Peters

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

“That for the purpose of ASX Listing Rule 10.11 and for all other purposes, the grant to Mr Justyn Peters (or his nominee) of unlisted Options, as his long term incentive for the period from 1 July 2021 to 30 June 2024, on the terms set out in the Explanatory Memorandum accompanying this Notice of Annual General Meeting, is approved.”

Resolution 6 – Issue of long term incentive options to Phillip Staveley

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

“That for the purpose of ASX Listing Rule 10.11 and for all other purposes, the grant to Mr Phillip Staveley (or his nominee) of unlisted Options, as his long term incentive for the period 1 July 2021 to 30 June 2024, on the terms set out in the Explanatory Memorandum accompanying this Notice of Annual General Meeting, is approved.”

Resolution 7 – Employee Share Option and Performance Rights Plan

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

“That, for the purpose of ASX Listing Rule 7.2 Exception 13(b) and for all other purposes, any issue of securities made within the three year period ending 4 November 2024 under the terms and conditions of the Company’s employee incentive scheme known as ‘Leigh Creek Energy Limited Share Option and Performance Rights Plan’ as set out in Annexure B to the Explanatory Memorandum accompanying this Notice of Meeting (and as amended from time to time) is approved as an exception to ASX Listing Rule 7.1.”

Special Business:

Resolution 8 – Approval of Additional 10% Placement Capacity

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

“That, for the purpose of Listing Rule 7.1A and for all other purposes, Shareholders approve for the Company to have the additional capacity to issue Equity Securities comprising 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 set out in the Explanatory Memorandum accompanying this Notice of Annual General Meeting.”

Resolution 9 – Adoption of new Constitution including proportional takeover bid provisions

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

“That, for the purposes of section 136(2) and 648G of the Corporations Act and for all other purposes, the existing constitution of the Company be repealed and a new constitution in the form tabled at the meeting and signed by the chairman for the purposes of identification, be approved and adopted as the new constitution and which includes proportional takeover bid provisions in the form set out in the Explanatory Memorandum accompanying this Notice of Meeting.”

Information for Members

1. Explanatory Memorandum

The Explanatory Memorandum accompanying this Notice of Annual General Meeting is incorporated in and comprises part of this Notice of Annual General Meeting and should be read in conjunction with this Notice. Members are specifically referred to the Glossary in the Explanatory Memorandum which contains definitions of capitalised terms used both in this Notice and the Explanatory Memorandum.

2. Voting Exclusion Statements

(a) Resolution 1

In accordance with section 250R(4) of the Corporations Act, a vote on Resolution 1 must not be cast (in any capacity), and the Company will disregard any votes cast, on Resolution 1, by or on behalf of any of the following persons:

- (a) a member of Key Management Personnel details of whose remuneration are included in the Remuneration Report; and
- (b) a Closely Related Party of such a member.

However, a person described above may cast a vote on Resolution 1 if the vote is not cast on behalf of a person described above and either:

- (a) the person does so as a proxy appointed in writing that specifies how the proxy is to vote on the proposed resolution; or
- (b) the Chair of the Meeting is appointed as proxy and the proxy form does not specify the way in which the Chair is to vote and expressly authorises the Chair to exercise the proxy even though the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

Please Note: In accordance with sections 250R(4) and 250R(5) of the Corporations Act, the Chair will not vote any undirected proxies in relation to Resolution 1 unless the Shareholder specifically authorises the Chair to vote in accordance with the Chair's stated voting intentions. Please note that if the Chair of the meeting is your proxy (or becomes your proxy by default), by completing the proxy form, you expressly authorise the Chair to exercise your proxy on Resolution 1 even though it is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company, which includes the Chair. If you appoint the Chair as your proxy, you can direct the Chair to vote for or against or abstain from voting on Resolution 1 by marking the appropriate box on the proxy form.

Alternatively, Shareholders can nominate as their proxy for the purpose of Resolution 1, a proxy who is not a member of the Company's Key Management Personnel or a Closely Related Party. That person would be permitted to vote undirected proxies.

(b) Resolutions 2 and 9

There are no voting exclusions for Resolutions 2 and 9.

(c) Resolutions 3 and 5

The Company will disregard any votes cast in favour of Resolution 3 and 5 respectively by Mr Justyn Peters or and any other person who might obtain a material benefit as a result of the proposed issue (except a benefit solely in the capacity of a holder of ordinary securities), and any of their respective associates.

However, the Company need not disregard a vote cast in favour if it is cast by:

- (a) a person as proxy for a person who is entitled to vote, in accordance with the directions on the relevant proxy form; or
- (b) the person Chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the relevant proxy form to vote as the proxy decides; or

(c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided that:

- (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.

As Resolutions 3 and 5 deal with the remuneration of Key Management Personnel, under section 250BD of the Corporations Act, a vote on Resolutions 3 and 5 must not be cast by a person that is appointed proxy, on the basis of that appointment, if the person is a member of Key Management Personnel of the Company or a closely related party of a member of Key Management Personnel, and the appointment of the proxy does not specify the way the proxy is to vote on the resolution.

However, a person described above may cast a vote on Resolutions 3 and 5 as a proxy if the vote is not cast on behalf of a person described above and either:

the person is the chair of the meeting and the appointment of the chair as proxy:

- does not specify the way the proxy is to vote on the resolution; and
- expressly authorises the chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company.

(d) Resolutions 4 and 6

The Company will disregard any votes cast in favour on Resolutions 4 and 6 by Mr Phillip Staveley and any other person who might obtain a material benefit as a result of the proposed issue (except a benefit solely in the capacity of a holder of ordinary securities), and any of their respective associates.

However, the Company need not disregard a vote cast in favour if it is cast by:

- (a) a person as proxy for a person who is entitled to vote, in accordance with the directions on the relevant proxy form; or
- (b) the person Chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the relevant proxy form to vote as the proxy decides.
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided that:
 - (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.

As Resolutions 4 and 6 deal with the remuneration of Key Management Personnel, under section 250BD of the Corporations Act, a vote on Resolutions 4 and 6 must not be cast by a person that is appointed proxy, on the basis of that appointment, if the person is a member of Key Management Personnel of the Company or a closely related party of a member of Key Management Personnel, and the appointment of the proxy does not specify the way the proxy is to vote on the resolution.

However, a person described above may cast a vote on Resolutions 4 and 6 as a proxy if the vote is not cast on behalf of a person described above and either:

the person is the chair of the meeting and the appointment of the chair as proxy:

- does not specify the way the proxy is to vote on the resolution; and
- expressly authorises the chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company.

(e) Resolution 7

The Company will disregard any votes cast in favour on Resolution 7 by any person that is eligible to participate in the Employee Share Option and Performance Rights Plan and any of their respective associates.

However, the Company need not disregard a vote cast in favour if it is cast by:

- (a) a person as proxy for a person who is entitled to vote, in accordance with the directions on the relevant proxy form; or
- (b) the person Chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the relevant proxy form to vote as the proxy decides.
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided that:
 - (iii) 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
 - (iv) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

As Resolution 7 deals with the remuneration of Key Management Personnel, under section 250BD of the Corporations Act, a vote on Resolution 7 must not be cast by a person that is appointed proxy, on the basis of that appointment, if the person is a member of Key Management Personnel of the Company or a closely related party of a member of Key Management Personnel, and the appointment of the proxy does not specify the way the proxy is to vote on the resolution.

However, a person described above may cast a vote on Resolution 7 as a proxy if the vote is not cast on behalf of a person described above and either:

the person is the chair of the meeting and the appointment of the chair as proxy:

- does not specify the way the proxy is to vote on the resolution; and
- expressly authorises the chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company.

(f) Resolution 8

The Company will disregard any votes cast in favour on Resolution 8 by any person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the entity).

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

- (a) a person as proxy for a person who is entitled to vote, in accordance with the directions on the relevant proxy form; or
- (b) the person Chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the relevant proxy form to vote as the proxy decides.
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided that:
 - (v) 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
 - (vi) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

3. "Snap-shot" Time

In accordance with Regulation 7.11.37 of the Corporations Regulations 2001, the Company has determined that for the purposes of voting at the Meeting, Shares will be taken to be held by those who hold them as at 7.00 pm (Adelaide time) on 2 November 2021.

4. Proxies

A Shareholder entitled to attend and vote at the Meeting may appoint a proxy. The person appointed as a proxy may be an individual or a body corporate and need not be a Shareholder. If a Shareholder is entitled to cast two or more votes, the Shareholder may appoint one or two proxies.

Where two proxies are appointed, each proxy may be appointed to represent a specific proportion of the Shareholder's voting rights. If the proportion is not specified, each proxy may exercise half of the Shareholder's voting rights. Fractional votes will be disregarded.

To record a valid vote, members will need to take either of the following steps:

- (a) Cast your vote online by visiting www.investorvote.com.au and following the instructions and information provided on the enclosed proxy form; or
 - (b) Complete and lodge the Proxy Form (and the power of attorney or other authority (if any) under which it is signed, or a certified copy of it) at the share registry of the Company, Computershare Investor Services Pty Limited, located at GPO Box 242, Melbourne VIC 3001, or by facsimile on 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia); or
 - (c) For Intermediary Online subscribers only (custodians), please visit www.intermediaryonline.com to submit your voting intentions,
- no later than 9:30am (Adelaide time) on 2 November 2021 (being 48 hours before the commencement of the meeting).

5. Corporate Representative

A corporation that is a Shareholder or a proxy may elect to appoint a person to act as its corporate representative at the Meeting, in which case the corporate Shareholder or proxy (as applicable) must provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that Shareholder's or proxy's (as applicable) corporate representative. The authority must be sent to the Company and/or the Company's Share Registry (detailed above) in advance of the Meeting.

By order of the Board



J E Mehrtens, Company Secretary
Leigh Creek Energy Limited
5 October 2021

Explanatory Memorandum

Introduction

This Memorandum has been prepared for the information of Shareholders of Leigh Creek Energy Limited (**Company**) in connection with the business to be conducted at the Annual General Meeting of the Company to be held at Level 11, 19 Grenfell St Adelaide SA 5000 and via an online platform on 4 November 2021 at 9.30 am (Adelaide time).

This Explanatory Memorandum should be read in conjunction with the accompanying Notice of Annual General Meeting. Capitalised terms in this Explanatory Memorandum are either defined in the Glossary or elsewhere in this Explanatory Memorandum.

Impact of COVID-19 on the Meeting

The health and safety of Shareholders, our personnel, and other stakeholders, is the highest priority and the Company is acutely aware of the current circumstances resulting from COVID-19. The Company intends to conduct a poll on the resolutions in the Notice of Meeting using the proxies filed prior to the Meeting and for Shareholders to be able to attend and vote at the Meeting via the online platform, where shareholders will be able to watch, listen, ask questions and vote online.

No attendance in person

Given the current COVID-19 circumstances and in the interests of public health and safety of our Shareholders, the Company is not allowing Shareholders to physically attend the meeting. The Company has the discretion to make a case by case exception if it believes it is necessary, and the particular Shareholder contacts the Company at least 48 hours prior to the meeting to discuss their situation.

Proxy voting

All voting will be conducted by poll using proxy instructions received in advance of the Meeting and via the online polling during the Meeting.

Shareholders are strongly encouraged to submit their proxies as early as possible and in any event prior to the cut-off for proxy voting as set out in the Notice of Meeting. To lodge your proxy, please follow the directions on your personalised Proxy Form which will be enclosed with a copy of the Notice. Lodgement instructions are set out in the Proxy Form.

Remote attendance via the online meeting platform

Shareholders who wish to attend and participate in the virtual Meeting can do so through the online meeting platform provided by Computershare Investor Services Pty Limited, the Company's share registry, where Shareholders will be able to watch, listen, submit written questions, and vote online.

To access the virtual Meeting, please click on the link below:

<https://web.lumiagm.com> and enter Meeting ID 378-386-997. The virtual meeting guide is available at www.computershare.com.au/virtualmeetingguide.

Upon entering the Meeting ID into the Lumi platform, shareholders should then log in to the virtual meeting by following the instructions in the virtual meeting guide.

To vote during the Meeting please refer to the virtual meeting guide.

To ask questions during the Meeting please refer to the virtual meeting guide.

Questions to be submitted in advance

Shareholders are asked to submit questions that relate to the items of business in the Notice of Meeting in advance of the Meeting to the Company. Questions must be submitted by emailing jordan.mehrtens@lcke.com.au no later than 28 October 2021. The Chairman will attempt to respond to the questions during the Meeting.

General Business

Receiving financial statements and reports

The Annual Report for the period ended 30 June 2021 either accompanies this Notice or is available on the Company's website: www.lcke.com.au.

The Corporations Act requires that Shareholders consider the annual consolidated financial statements and reports of the directors and auditor every year. There is no requirement for Shareholders to approve these reports. However, Shareholders attending the Meeting will be given a reasonable opportunity:

1. to ask question about or make comments on the management of the Company; and
2. to ask the Company's auditor or the auditor's representative questions relevant to:
 - a. the conduct of the audit;
 - b. the preparation and content of the auditor's report;
 - c. the 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.

A Shareholder who is entitled to cast a vote at the Meeting may submit a written question to the auditor if the question is relevant to:

1. the content of the auditor's report to be considered at the Annual General Meeting; or
2. the conduct of the audit of the annual financial report to be considered at the Annual General Meeting.

A written question may be submitted by giving the question to the Company no later than 28 October 2021, being five business days before the day on which the Meeting is to be held, and the Company will then, as soon as practicable after the question has been received, pass the question on to the auditor. At the Meeting, the Company will allow a reasonable opportunity for the auditor or the auditor's representative to answer written questions submitted to the auditor.

The Company will make copies of the question list reasonably available to Shareholders attending the Meeting.

No resolution is required to be moved in respect of this item of General Business.

Resolution 1 – Adoption of the remuneration report

In accordance with section 300A of the Corporations Act, the Remuneration Report is contained in the Directors' Report in the 2021 Annual Report. The Remuneration Report describes the underlying policies and structure of the remuneration arrangements of the Company and sets out the remuneration arrangements in place for Directors and Key Management Personnel.

Section 250R (2) of the Corporations Act requires that a resolution to adopt the Remuneration Report be put to the vote of the Company at the annual general meeting. Pursuant to section 250R(3), Shareholders should note that the vote on Resolution 1 is advisory only and will not bind the Company or the Directors. However, the Board will take the outcome of the vote into consideration when reviewing the Company's remuneration policy.

The Chair intends to vote all available proxies in favour of Resolution 1.

If, at two consecutive annual general meetings of a listed company, at least 25% of votes cast on a resolution that the remuneration report be adopted are against adoption of the report, at the second of these annual general meetings, there must be put to the vote a resolution that another meeting be held within 90 days at which the directors who approved the directors report except the managing director (including directors who are re-elected at the annual general meeting) will cease to hold office immediately prior to the end of the meeting. If the resolution to

hold the Board spill meeting is passed, the spill meeting must be held within 90 days of the second annual general meeting.

The Company confirms that at the Company's 2020 Annual General Meeting more than 75% of votes were cast for the adoption of the remuneration report, and as such, the "two strikes" process described above will not apply at the Company's upcoming Annual General Meeting.

Resolutions 2 – Re-election of Mr Zheng Xiaojiang

In accordance with Clause 46 of the Constitution, at every annual general meeting, one third of the Directors must retire from office and are eligible for re-election. The Directors to retire are to be those who have been in office for 3 years since their appointment or last re-appointment or who have been longest in office since their appointment or last re-appointment or, if the Directors have been in office for an equal length of time, by agreement.

The Directors presently in office are Zheng Xiaojiang, Murray Chatfield, Justyn Peters, Zhe Wang and Phil Staveley. Mr Staveley is not taken into account in determining the number of Directors who must retire by rotation at the annual general meeting. Mr Zheng is the Director who has been longest in office since the last re-appointment of each of the Directors, and as such, Mr Zheng is the Director who retires by rotation at the Annual General Meeting. He has offered himself for re-election.

Mr Zheng is a senior finance executive who brings wide experience in the finance sector in both Australia and China. His experience includes having been a senior official for the People's Bank of China in Australia and New Zealand.

Mr Zheng was responsible for facilitating the investment in the Company by China New Energy, the Company's largest shareholder.

The Directors (with Mr Zheng abstaining) recommend that Shareholders vote in favour of Resolution 2. The Chair intends to vote all undirected proxies in favour of Resolution 2.

Resolution 3 and 4 – Issue of short term incentive options to Mr Peters and Mr Staveley

Resolutions 3 and 4 seek approval of shareholders under Listing Rule 10.11 to issue Options to each of Mr Peters (Executive Chairman) and Mr Staveley (Managing Director) as their short term incentive for the year ending 30 June 2022.

Listing Rule 10.11 provides that a listed company must not issue or agree to issue equity securities to directors without the approval of the holders of its ordinary securities, subject to certain exceptions. The proposed issue of Options the subject of Resolutions 3 and 4 does not come within an exception in Listing Rule 10.12.

Accordingly, the Company is seeking the approval of shareholders for the proposed grant of unlisted Options to Mr Peters and Mr Staveley (or their nominees) pursuant to the terms and conditions set out in this Explanatory Memorandum and in Annexure A.

The Company uses zero exercise price Options because they create share alignment between executives and ordinary shareholders but do not provide the executives with the full benefits of share ownership until the Options vest. The Options are issued under a tax deferred scheme, and in respect of the grant of these Options, there is no PAYG withholding or superannuation obligations on the Company.

If shareholder approval is obtained to Resolutions 3 and 4 the Company intends to issue the Options following the Annual General Meeting, but no later than 1 month after approval is obtained, being the 4th of December 2021.

If shareholder approval is not obtained, the Company will be unable to issue the Options the subject of Resolutions 3 and 4 and the Company will look to incentivise those Directors in an alternative manner (which may include cash payments).

1. Short term incentive options terms and conditions

	Executive Chairman	Managing Director
Number of unlisted Options to be granted as short term incentives	597,176	866,804
Exercise price	Nil	Nil
Expiry date	4 years from the date of issue	4 years from the date of issue
Total fixed remuneration (TFR) excluding superannuation	\$377,000	\$406,000
Short term incentive value	23% of TFR	31% of TFR

The number of unlisted Options to be granted was determined by dividing the % of total fixed annual remuneration as guided by remuneration advice, by the VWAP of the Company over the 30 days from 1 July 2021 of \$0.1452. No independent valuation was obtained for the Options.

Each unlisted option entitles the holder to one fully paid ordinary share in the Company subject to the satisfaction of the vesting conditions described below. Shares allocated on vesting and exercise will rank equally with ordinary shares in the same class. No funds are payable for the grant or exercise of the Options. Each Option expires 4 years after the date of issue and the Options are otherwise issued in accordance with the terms and conditions set out in Annexure A.

2. Short term incentive options vesting conditions:

Unlisted Options vest following the end of the performance period on 30 June 2022, subject to determination by the Board that the following vesting conditions have been met.

a. ESG

Performance Hurdles		Date for satisfaction	Executive Chairman Number of Options	Managing Director Number of Options
Environmental	No Notifiable Incidents in the financial year	30 June 2022	89,576	86,680
Safety	No Notifiable Incidents in the financial year	30 June 2022	89,576	86,680
People	Turnover of ongoing staff less than 20% (resignation only)	30 June 2022	89,576	86,680
Carbon neutral reporting	Year 1 TCFD reporting completed and verified	30 June 2022	89,576	86,680

b. Critical Project Targets (Managing Director only)

Performance Hurdles	Date for satisfaction	Managing Director Number of Options
EIR Final approval	31 March 2022	43,341
Start-up first gasifiers and operational function for greater than 10 continuous days	30 June 2022	43,341
Production of syngas from first gasifiers to at a quality level to run the power plant	30 June 2022	43,341
First Power at Leigh Creek is produced	30 June 2022	43,341
Final Board approval Selection of Licensor (ammonia and urea)	30 June 2022	86,680

Managing Director to provide Final FEED report for Board approval	30 June 2022	86,680
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c. Critical financial targets

Performance Hurdles	Date for satisfaction	Executive Chairman Number of Options	Managing Director Number of Options
Final Bankable Feasibility Study accepted by the Board	30 June 2022	238,872	86,680
Financial – variation of less than 10% of approved budget	30 June 2022	n/a	86,680

3. Lapse of Options

If any of the performance hurdles for the short term incentives are not met by the date for satisfaction (as shown in the tables above) the number of Options applicable to those performance hurdles will lapse.

4. Listing Rule 10.13

For the purposes of Listing Rule 10.13, the following information is provided to shareholders:

- (a) Mr Peters (Executive Chairman) and Mr Staveley (Managing Director), or their respective nominees, will be issued the Options.
- (b) Mr Peters (or his nominee) will be issued a total of 597,176 Options as a short term incentive and a total of up to 16.5 million Options as a long term incentive on the terms and conditions set out in the Explanatory Memorandum and in Annexure A
- (c) Mr Staveley (or his nominee) will be issued a total of 866,804 Options as a short term incentive and a total of up to 16.5 million Options as a long term incentive on the terms and conditions set out in the Explanatory Memorandum and in Annexure A.
- (d) The Options will be issued within one month of the AGM.
- (e) The Options will be issued as short term and long term incentives, as part of the remuneration of Mr Peters and Mr Staveley, and no funds will be raised by the issue or exercise of the Options.
- (f) Mr Peters' current remuneration comprises:
 - a. fixed annual remuneration of \$377,000 (plus superannuation) and
 - b. subject to Resolution 3 being approved by shareholders, 597,176 short term incentive options; and
 - c. subject to Resolution 5 being approved by shareholders, up to 16.5 million long term incentive options for the period up to 30 June 2024.
- (g) Mr Staveley's current remuneration comprises:
 - a. fixed annual remuneration of \$406,000 (plus superannuation) and
 - b. subject to Resolution 4 being approved by shareholders 866,804 short term incentive options; and
 - c. subject to Resolution 6 being approved by shareholders, up to 16.5 million long term incentive options for the period up to 30 June 2024.
- (h) a voting exclusion statement is set out in the Notice of Annual General Meeting.

5. Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act prohibits the Company from giving a financial benefit to a related party of the Company unless Shareholder approval is obtained for the giving of the benefit, or the giving of the benefit falls within one of the exceptions in sections 210 to 216 of the Corporations Act.

Directors are related parties of the Company under section 228(2) of the Corporations Act. The grant of the Options to Mr Peters and Mr Staveley would constitute the giving of a financial benefit to them. However, it is the view of the Board that the proposed grant of the Options falls under one of the exceptions in the Corporations Act.

The relevant exception is set out in section 211(1) of the Corporations Act and states that shareholder approval is not required in order to give a financial benefit to a related party if that benefit is reasonable remuneration given to an officer or employee of the company, and to give the remuneration would be reasonable given the circumstances of the company and the related party's circumstances (including the responsibilities involved in the office or employment).

For Resolutions 3 and 4, the Board (other than Mr Peters and Mr Staveley, who abstained) has formed the view, for the reasons outlined above, that the financial benefit proposed to be given to each of Mr Peters and Mr Staveley by way of the grant of Options for short term and long term incentives amounts to reasonable remuneration given to them in their capacity as executive directors of the Company. As a result, the Board is of the view that the exception in section 211(1) of the Corporations Act applies to the proposed grant of the Options and therefore the approval of Shareholders under section 208 of the Corporations Act is not required for the giving of the benefit.

6. ASX Listing Rule 7.1

Approval pursuant to Listing Rule 7.1 is not required in order to issue the Options if approval is obtained under Listing Rule 10.11. Accordingly, the issue of Options will not be included in the 15% calculation of the Company's annual placement capacity pursuant to Listing Rule 7.1.

7. Board recommendation

In accordance with ASIC guidance on the matter, each Director considers that it is not appropriate for him to make a recommendation in relation to the remuneration of another Director. Accordingly, all Directors decline to make any recommendation to Shareholders in relation to Resolutions 3 and 4.

A voting exclusion statement for each of Resolutions 3 and 4 is set out in the Notice of Meeting. The Chairman of the meeting intends to vote all available proxies in favour of Resolution 3 and 4.

Resolution 5 and 6 – Issue of long term incentive options to Mr Peters and Mr Staveley

Resolutions 5 and 6 seek approval of shareholders under Listing Rule 10.14 to issue Options under the Employee Share Option and Performance Rights Plan to each of Mr Peters (Executive Chairman) and Mr Staveley (Managing Director) as their long term incentives.

Listing Rule 10.14 provides that a listed company must not issue or agree to issue equity securities under an employee incentive scheme to directors without the approval of the holders of its ordinary securities, subject to certain exceptions. The proposed issue of Options the subject of Resolutions 5 and 6 does not come within an exception in Listing Rule 10.12.

Accordingly, the Company is seeking the approval of shareholders for the proposed grant of unlisted Options to Mr Peters and Mr Staveley (or their nominees) under Employee Share Option and Performance Rights Plan pursuant to the terms and conditions set out in this Explanatory Memorandum and in Annexure A.

The Company uses zero exercise price Options because they create share alignment between executives and ordinary shareholders but do not provide the executives with the full benefits of share ownership until the Options vest. The Options are issued under a tax deferred scheme, and in respect of the grant of these Options, there is no PAYG withholding or superannuation obligations on the Company.

If shareholder approval is obtained to Resolutions 5 and 6, the Company intends to issue to each of Mr Peters and Mr Staveley (subject to meeting the relevant share price targets):

- up to 3.5 million Options at 30 June 2023; and
- up to 15 million Options at 30 June 2024.

If the share price targets applicable to the Options are not satisfied the Options will not be issued.

If shareholder approval is not obtained, the Company will be unable to issue the Options the subject of Resolutions 5 and 6 and the Company will look to incentivise those Directors in an alternative manner (which may include cash payments).

1. Long term incentive options terms and conditions

Subject to shareholders approving Resolution 5 and 6, each of Mr Peters and Mr Staveley will be entitled to up to 16.5 million Options in total as long term incentives for the period from 1 July 2021 to 30 June 2024 if the share price target hurdles are met, as outlined in the table below. It is also intended that Options will be awarded for the rating period 2024-2025, but as these will be awarded more than 3 years from the date of the AGM, separate shareholder approval will be required for these at the next annual general meeting.

Rating period	Award date	Number of Options	Share price target based on 30 trading day VWAP as at 30 June of the rating period year	Maximum amount to be awarded if the share price hits the targets for the period
2021-2023	Awarded 30 June 2023	1.5million	\$0.50	3.5 million
		2 million	\$0.65	
2023-2024	Awarded 30 June 2024	2 million	\$0.65	15 million (less any issued in previous year relating to the equivalent targets)
		2.5 million	\$0.80	
		3 million	\$0.95	
		3.5 million	\$1.10	
		4 million	\$1.25	

2024-2025*	Awarded 30 June 2025	3 million	\$0.95	36 million (less any issued in the two previous years relating to equivalent targets)
		3.5 million	\$1.10	
		4 million	\$1.25	
		4.5 million	\$1.55	
		5 million	\$1.70	
		7 million	\$1.85	
		9 million	\$2.15	

*provided for information only, separate shareholder approval will be required for these awards given they are to be issued more than 3 years from the Meeting.

If prior to the issue of any Options Mr Peters or Mr Staveley is terminated due to performance/misconduct related matters no further long term incentive Options will be awarded from the date of termination.

If Mr Peters or Mr Staveley retires or resigns (as a good leaver) part way through an award period year, then the individual will only be eligible for the component that they worked (pro rata), if the relevant share price hurdle is satisfied.

8. Listing Rule 10.15

For the purposes of Listing Rule 10.15, the following information is provided to shareholders:

- (i) Mr Peters (Executive Chairman) and Mr Staveley (Managing Director), or their respective nominees, will be issued the Options.
- (j) Mr Peters (or his nominee) will be issued a total of up to 16.5 million Options up to 30 June 2024 as a long term incentive as on the terms and conditions set out in the Explanatory Memorandum above and in Annexure A.
- (k) Mr Staveley (or his nominee) will be issued a total of up to 16.5 million Options as a long term incentive up to 30 June 2024 on the terms and conditions set out in the Explanatory Memorandum above and in Annexure A.
- (l) Mr Peters has not previously been issued securities under the Plan.
- (m) Mr Staveley has not previously been issued securities under the Plan.

- (n) The terms of the Options are set out in Annexure A.
- (o) Zero exercise price Options are being used because they are viewed as a better alternative to remunerate executives as the Director will always receive the value of the share.
- (p) The Company ascribes a value of \$2,437,050 to the 16.5 million total possible Options to be issued to each of Mr Peters and Mr Staveley, based on a Monte Carlo valuation. The inputs to the model include the share price at the grant date, strike price, years to expiry, risk free rate and volatility of the share price.
- (q) The Options will be issued within 3 years of the date of the Meeting, being 4 November 2024.
- (r) The Options will be issued as long term incentives, as part of the remuneration of Mr Peters and Mr Staveley, and no funds will be raised by the issue or exercise of the Options.
- (s) A copy of the Plan is set out in Annexure B.
- (t) No loans will be made in relation to the acquisition of the Options.
- (u) Details of any securities issued under the Plan will be published in the annual report of the Company relating to the period in which they were issued, along with a statement that the approval for the issue was obtained under Listing Rule 10.14.
- (v) Any additional persons covered by Listing Rule 10.14 who become entitled to participate in an issue of securities under the Plan after the resolution is approval and who were not named in the notice of meeting will not participate until approval is obtained under that Listing Rule.
- (w) a voting exclusion statement is set out in the Notice of Annual General Meeting.

9. Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act prohibits the Company from giving a financial benefit to a related party of the Company unless Shareholder approval is obtained for the giving of the benefit, or the giving of the benefit falls within one of the exceptions in sections 210 to 216 of the Corporations Act. Directors are related parties of the Company under section 228(2) of the Corporations Act. The grant of the Options to Mr Peters and Mr Staveley would constitute the giving of a financial benefit to them. However, it is the view of the Board that the proposed grant of the Options falls under one of the exceptions in the Corporations Act.

The relevant exception is set out in section 211(1) of the Corporations Act and states that shareholder approval is not required in order to give a financial benefit to a related party if that benefit is reasonable remuneration given to an officer or employee of the company, and to give the remuneration would be reasonable given the circumstances of the company and the related party's circumstances (including the responsibilities involved in the office or employment).

For Resolutions 5 and 6, the Board (other than Mr Peters and Mr Staveley, who abstained) has formed the view, for the reasons outlined above, that the financial benefit proposed to be given to each of Mr Peters and Mr Staveley by way of the grant of Options for long term incentives amounts to reasonable remuneration given to them in their capacity as executive directors of the Company. As a result, the Board is of the view that the exception in section 211(1) of the Corporations Act applies to the proposed grant of the Options and therefore the approval of Shareholders under section 208 of the Corporations Act is not required for the giving of the benefit.

10. ASX Listing Rule 7.1

Approval pursuant to Listing Rule 7.1 is not required in order to issue the Options if approval is obtained under Listing Rule 10.14. Accordingly, the issue of Options will not be included in the 15% calculation of the Company's annual placement capacity pursuant to Listing Rule 7.1.

11. Board recommendation

In accordance with ASIC guidance on the matter, each Director considers that it is not appropriate for him to make a recommendation in relation to the remuneration of another Director. Accordingly, all Directors decline to make any recommendation to Shareholders in relation to Resolutions 5 and 6.

A voting exclusion statement for each of Resolutions 5 and 6 is set out in the Notice of Meeting. The Chairman of the meeting intends to vote all available proxies in favour of Resolution 5 and 6.

Resolution 7 – Employee Share Option and Performance Right Plan

The Company currently has in place the Leigh Creek Energy Limited Employee Share Option and Performance Right Plan (**Plan**) under which Employees may be offered the opportunity to receive Options or Performance Rights in the Company in order to assist in the attraction, retention and motivation of Employees.

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that period. If this Resolution is approved by Shareholders for all purposes under the Corporations Act and the ASX Listing Rules, including ASX Listing Rule 7.2 (exception 13(b)), it will have the effect of enabling the securities issued by the Company under the Plan to be automatically excluded from the formula to calculate the number of securities which the Company may issue in any 12-month period using Listing Rule 7.1 (15% capacity) during the next three-year period.

If this Resolution is approved by Shareholders, the Company may issue up to a maximum of 41,375,632 Ordinary Shares under the Plan during the three-year period following approval which represents 5% (5 percent) of the total number of issued capital of the Company as at the date of this Notice of Meeting in reliance on ASX Listing Rule 7.2 (exception 13(b)). If Resolution 7 is not approved by Shareholders, then any Equity Securities issued in the future will need to be issued in accordance with Listing Rule 7.1, and if Resolution 8 is approved then also Listing Rule 7.1A.

The Plan is designed to provide incentives to Employees and to recognise their contribution to the Company's success. Under the Company's current circumstances the directors of the Company consider that Options and Performance Rights are a cost effective and efficient means of incentivising Employees. To enable the Company to secure Employees who can assist the Company in achieving its objectives, it is necessary to provide remuneration and incentives to such personnel. The Plan is designed to achieve this objective, by encouraging continued improvement in performance over time.

Under the Plan, the Board may offer to eligible persons the opportunity to receive such number of Employee Options or Performance Rights in the Company as the Board may decide on the terms and conditions set out in Annexure B. Options or Performance Rights granted under the Plan will be offered to eligible persons on the basis of the Board's view of the contribution of the eligible person to the Company. Performance Rights and Options issued under the Plan will vest when any vesting criteria or conditions have been satisfied in accordance with the terms of issue.

ASX Listing Rule 7.1 restricts the number of equity securities a listed entity can issue without Shareholder approval. ASX Listing Rule 7.2 contains a number of exceptions to ASX Listing Rule 7.1. In particular, Exception 13(b) provides that ASX Listing Rule 7.1 does not apply to an issue under an employee incentive scheme if within 3 years before the date of issue shareholders of the company approved the issue of securities under the scheme as an exception to Listing Rule 7.1. The Plan was last approved by shareholders as an Exception to Listing Rule 7.2 at the 2018 annual general meeting.

In accordance with the requirements of ASX Listing Rule 7.2 Exception 13(b) the following information is provided:

- (a) a copy of the current terms and conditions of the Plan is annexed as Annexure A to this Explanatory Memorandum;
- (b) the following securities have been issued under the Plan since it was approved by Shareholders at the 2018 annual general meeting:

Number	Class
4,520,000	LCKAN Expiring 17/8/2026
4,000,000	LCKAM Expiring 28/6/2026
30,738	LCK AL Expiring 15/6/2026
800,000	LCKAC Expiring 14/1/2025
200,000	LCKAJ Expiring 27/8/2024
8,700,000	LCKAI Expiring 18/8/2024
3,496,231	LCKAF Expiring 15/4/2025
8,600,000	LCKAC Expiring 14/12/2023

- (c) the maximum number of equity securities proposed to be issued under the Plan following approval is 41,375,632 securities (5%) of the total shares on issue from time to time.
- (d) a voting exclusion statement has been included in the Notice of Meeting for Resolution 7.

Resolution 7 is to be considered as an ordinary resolution.

As the directors of the Company are excluded from voting on this resolution (other than as proxy for any Shareholder who has directed its proxy how to vote) they do not wish to make a recommendation as to how Shareholders ought to vote in respect of this resolution. The Chairman intends to vote any available undirected proxies in favour of Resolution 7.

Special Business

Resolution 8 – Approval of Additional 10% Placement Capacity

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of Equity Securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that period. Listing Rule 7.1A enables eligible entities to issue Equity Securities up to 10% of its issued share capital through placements over a 12 month period after the annual general meeting at which shareholder approval of the issue is obtained by special resolution, in accordance with the terms set out below (**10% Placement Capacity**). The 10% Placement Capacity is in addition to the Company's 15% placement capacity under Listing Rule 7.1 and allows the Company to issue up to 25% of its total issued capital.

An eligible entity for the purposes of ASX 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's market capitalisation as at 22 September 2021 was \$103,439,081 (827,512,648 issued Shares at \$0.125 closing price per Share). Further, the Company is not included in the S&P/ASX 300 Index, and is therefore an eligible entity for the purposes of ASX Listing Rule 7.1A. The Company will need to remain compliant with the requirements of ASX Listing Rule 7.1A in order for the Company to utilise the additional capacity under the 10% Placement Capacity.

The Company is now seeking Shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 10% Placement Capacity. As a special resolution, Resolution 7 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 exact number of Equity Securities to be issued under the 10% Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (see below for further information). It is the Company's intention that funds received under the 10% Placement Capacity will be used to generally fund project development and working capital requirements.

If Resolution 8 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 8 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.

Description of Listing Rule 7.1A

a) Class of Equity Securities

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

The Company, as at the date of this Notice, has on issue one class of quoted Equity Securities being quoted Shares. As such, as at the date of the Notice, the classes of Equity Securities that the Company may issue under ASX Listing Rule 7.1A are quoted Shares.

b) *Formula for calculating 10% Placement Capacity*

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

(A x D) – E

- A** is the number of Shares on issue 12 months before the date of issue or the date of agreement to issue:
- (1) plus the number of fully paid Shares issued in the 12 months under an exception in Listing Rule 7.2 (other than exceptions 9, 16 or 17);
 - (2) plus the number of Shares issued in the relevant period on the conversion of convertible securities within rule 7.2 exception 9 where
 - a. The convertible securities were issued or agreed to be issued before the commencement of the previous 12 month period; or
 - b. The issue of, or agreement to issue, the convertible securities was approved, or taken under these rules to have been approved, under rule 7.1 or 7.4
 - (3) Plus the number of Shares issued in the previous 12 months under an agreement to issue securities within rule 7.2 exception 16, where:
 - a. The agreement was entered into before the commencement of the previous 12 month period; or
 - b. The agreement or issue was approved, or taken under the Listing Rule to have been approved, under rule 7.1 or rule 7.4;
 - (4) plus the number of partly paid Shares that became fully paid in the 12 months;
 - (5) plus the number of fully paid Shares issued in the 12 months with approval of holders of Shares under Listing Rule 7.1 or ASX Listing Rule 7.4. This does not include an issue of fully paid Shares under the entity's 15% placement capacity without Shareholder approval;
 - (6) 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 an entity's 15% 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 date of agreement to issue that are not issued with the approval of Shareholders under ASX Listing Rule 7.1 or ASX Listing Rule 7.4.

Listing Rule 7.1 and Listing Rule 7.1A

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

At the date of this Notice, the Company had on issue 827,512,648 Shares and therefore currently has the capacity to issue:

- (1) 124,126,897 Equity Securities under Listing Rule 7.1; and
- (2) 82,751,264 Equity Securities under Listing Rule 7.1A.

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

Specific Information required by Listing Rule 7.3A

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

(1) Minimum Issue Price

The issue price of Equity Securities under Listing Rule 7.1A must not be less than 75% of the volume weighted average price of Equity Securities in the same class calculated over the 15 trading days on which trades in that class were recorded immediately before:

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

(2) Risk of economic and voting dilution

If Resolution 8 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Capacity, existing Shareholders may be subject to the risk of both economic and voting power dilution from that issue. There is a risk that:

- (a) 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 at which approval under Listing Rule 7.1A is obtained; and
- (b) 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 for the Equity Securities.

The table below shows the potential dilution of existing Shareholders on the basis of the market price of Shares of \$0.125 as of 22 September 2021 and the number of ordinary securities on issue for variable "A" calculated in accordance with the formula in Listing Rule 7.1A(2) as at the date of this Notice. The table also shows:

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

TABLE

Variable 'A' in Listing Rule 7.1A.2		Dilution		
		\$0.625 50% decrease in issue price	\$0.125 Issue price	\$0.25 100% increase in issue price
Current Variable A 827,512,648 Shares	10% voting dilution	82,751,265 Shares	82,751,265 Shares	82,751,265 Shares
	Funds raised	\$5,171,954.05	\$10,343,908.10	\$20,687,816.20
50% increase in current Variable A	10% voting dilution	124,126,897 Shares	124,126,897 Shares	124,126,897 Shares

1,241,268,972 Shares	Funds raised	\$7,757,931.08	\$15,515,862.15	\$31,031,724.30
100% increase in current Variable A	10% voting dilution	165,502,530 Shares	165,502,530 Shares	165,502,530 Shares
1,655,025,296 Shares	Funds raised	\$10,343,908.10	\$20,687,816.20	\$41,375,632.40

The table sets out theoretical examples only, and has been prepared on the following assumptions:

- (a) the Company issues the maximum number of Equity Securities available under the 10% Placement Capacity;
- (b) no unlisted Options are exercised which results in the issue of any Shares before the date of the issue of the Equity Securities;
- (c) the 10% voting dilution reflects the aggregate percentage dilution against the issued Share capital at the time of issue, assuming variable A is equal to the total issued share capital. This is why the voting dilution is shown in each example as 10%;
- (d) the table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Capacity, based on that Shareholder's holding at the date of the Meeting;
- (e) the table shows only the effect of issues of Equity Securities under ASX Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1. Dilution experienced by Shareholders may be greater if issues have been made utilising the capacity in ASX Listing Rule 7.1 as well;
- (f) the issue of Equity Securities under the 10% Placement Capacity consists only of Shares;
- (g) the issue price is \$0.125, being the closing price of the Shares on ASX on 22 September 2021.

(3) Timing

The date by which the Equity Securities may be issued is as determined under Listing Rule 7.1A.1, being the earlier of:

- (a) the date that is 12 months after the Annual General Meeting at which the approval is obtained; or
- (b) the time and date of the entity's next annual general meeting; or
- (c) the date of the approval by Shareholders of a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or Listing Rule 11.2 (disposal of main undertaking),

or such longer period if allowed by ASX (**10% Placement Period**).

The approval under Resolution 8 for the 10% Placement Capacity will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or Listing Rule 11.2 (disposal of main undertaking).

(4) Purposes for which Equity Securities may be issued

The Company may seek to issue the Equity Securities for cash consideration only.

The Company will comply with the disclosure obligations under Listing Rule 7.1A (4) and Listing Rule 3.10.5A upon issue of any Equity Securities under the 10% Placement Capacity.

(5) 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 Capacity. 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:

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

The allottees under the 10% Placement Capacity have not been determined as at the date of this Notice but may include existing substantial Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company. No Director or related parties or their associates will participate in any issue under the 10% Placement Facility unless specific approval is obtained for the purposes of Listing Rule 10.11.

If Resolution 8 is approved by Shareholders, the Company may issue Equity Securities under the 10% Placement Capacity during the 10% Placement Period as and when the circumstances of the Company require.

(6) Equity Securities issued by the Company

The Company previously obtained Shareholder approval under Listing Rule 7.1A on 4 November 2020. The Company has not issued any equity securities under rule 7.1A.2 in the 12 months preceding the date of the meeting.

(7) Voting Exclusion

A voting exclusion statement is included in the Notice of Annual General Meeting.

The Board considers that the approval of the issue of the 10% Placement Capacity described above is beneficial for the Company as it provides the Company with the flexibility to issue up to the maximum number of securities permitted under Listing Rule 7.1A in the next 12 months (without further Shareholder approval), should it be required.

The Directors unanimously recommend that Shareholders **vote in favour** of Resolution 8.

The Chair intends to vote all undirected proxies **in favour** of Resolution 8.

Resolution 9– Repeal of existing constitution and adoption of new constitution

Resolution 9 is for the approval of shareholders, by special resolution, to repeal the existing constitution and adopt a new constitution in the form tabled at the meeting.

As a special resolution, Resolution 9 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).

Since the current constitution was first adopted, there have been a number of developments in law and the ASX Listing Rules, and general corporate and commercial practice for ASX listed entities.

The Board recommends the adoption of a new constitution that reflects current market practice and supports the Company in the administration of the Company and its relationship with its Shareholders.

The Board considers it most appropriate to adopt a wholly new constitution, rather than amending the current constitution.

The key differences between the current constitution and the new constitution are outlined below. Copies of the existing constitution and new constitution are available on the Company's website.

Provision	Details
Payment	<p>Payments of dividends, bonuses, returns of capital or distributions to shareholders can be made by electronic fund transfer as well as cheques. Different currencies and different payment methods may be used for different Shareholders. Where a cheque is not presented within 3 months of issue by the Company it may be cancelled by the Company. Where cheques are cancelled or an electronic funds transfer is not successful due to the details being given by the recipient incorrectly, the amount may be treated as an unclaimed amount and, subject to the Corporations Act, invested or otherwise used by or for the benefit of the Company until it is claimed or may be disputed of according to law.</p>
ASX Listing Rules compliance	<p>If there are any restricted securities, then they cannot be sold, assigned, transferred or otherwise disposed of during the escrow period unless permitted by the ASX Listing Rules, ASX or the restriction agreement. If there is a breach of the ASX Listing Rules in relation to the restricted securities, the Shareholder holding the restricted securities will not be entitled to any dividends or other distributions or any voting rights in respect of the restricted securities for as long as the breach subsists.</p> <p>Each Shareholder that is required to enter into a restriction agreement will be taken to have appointed the company and each officer of the Company jointly and severally as the Shareholder's attorney to execute and deliver the restriction agreement and all deeds, instruments and other documents and to do all other acts and things which the Company considers necessary or appropriate to comply with the restrictions on disposal.</p> <p>Each Director must disclose to the Company the notifiable interest of the director and changes to those notifiable interests and the Company is authorised to give that information to ASX</p>
Preference Shares	<p>Directors may issue preference shares, including redeemable preference shares on the terms set out in clause 2.2 of the New Constitution. A preference share may confer the right to receive a preferential dividend at the rate on the basis determined by Directors. A preference share confers the rights on winding up of payment of any dividend accrued but unpaid and the amount paid on the share in preference to payment of ordinary shares and any other class of shares that the directors decide under the terms of issue.</p> <p>If the Directors so decide under the terms of issue, a preference share may confer on its holder in addition to or instead of any preferential dividend, the right to participate with ordinary shares in any dividends payable on ordinary shares and the right to a bonus or capitalisation of profits or any other amount otherwise available for distribution to Shareholders.</p> <p>The preference shares do not entitle its holder to vote at general meetings except in the following circumstances:</p> <ol style="list-style-type: none"> (1) during the period during which a dividend (or part dividend) in respect of the share is in arrears. (2) on a proposal to reduce the Company's share capital (3) on a resolution to approve the terms of a buy back agreement (4) on a proposal that affects rights attached to the share; (5) on a proposal to wind up the Company; (6) on a proposal for the disposal of the whole or part of the Company's property, business or undertaking (7) during the winding up of the Company.

	<p>Where the ASX Listing Rules require the holder of a preference share to be entitled to vote in any of the above circumstances, a preference share must not be issued on terms which preclude the holder from voting in that circumstance whilst the company is admitted to the official list.</p> <p>Preference shares may be convertible into ordinary share son a basis decided by the directors on the terms of issue.</p> <p>Preference shares may be redeemable on a basis decided by the directors on the terms of issue.</p>
Small Holdings (Unmarketable Parcels)	<p>If a Shareholder holds less than a marketable parcel of shares and the Company tells that Shareholder in writing it intends to the sell the Shareholder's shares after a date that is at least 6 weeks from the notice of intention to sell, then unless the Shareholder tells the Company that it wishes to retain the Shares that Company has the to sell the shares constituting less than a marketable parcel at the price which the directors consider to be the best price reasonably obtainable for the shares at the time they are sold and the powers given to the company in relation to selling member shares. The proceeds of the sale will then be sent to the Shareholder</p> <p>In addition to this power of sale, if a Shareholder holds shares in a new holding that is less than a marketable parcel and the holding was created by the transfer of a parcel of shares that was less than a marketable parcel at the time the transfer document was initiated or lodged with the Company, the Company may and the Shareholder will be taken to have appointed the Company as agent to sell the shares in that holder at the price which the directors consider to be the best price reasonably obtainable for the shares at the time they are sold. Where the Company has this power of sale, the proceeds of the sale may be applied to the costs of the sale and the Shareholder's right to vote or received dividends in respect of those shares may be removed or changed to the extent determined by the Directors provide that if any dividends are withheld from payment to the Shareholder must be paid to the Shareholder when the balance of the proceeds of the sale are paid to the Shareholder.</p>
Proportional takeover approval	If offers are made under a proportional takeover bid, the registration of a transfer giving effect to a takeover contract for the bid is prohibited unless and until a resolution to approve the bid is passed by shareholders in general meeting. The company will be required to renew this provision every three years.
Quorum at general meetings	<p>The quorum for general meetings is:</p> <p>(1) if the number of Shareholders entitled to vote is 2 or more - 2 of those Shareholders; or</p> <p>(2) if only 1 Shareholder is entitled to vote - that Shareholder; present at the meeting.</p>
Meetings by technological means	Under Clause 6.7, the provision provides the right to directors to hold general meetings using one or more technologies that gives Shareholders as a whole a reasonable opportunity to participate in the meeting without being physically present in the same place (as well as provisions in relation to any technical difficulties and member participation).
Notices by the company to Shareholders	Allows giving of notice by the provision of details of an online location where the notice can be viewed or downloaded (and administrative provisions in relation to this).
Executive Director	There are no limits on the appointment of a Managing Director for a fixed term.

For the purposes of section 648G of the Corporations Act, information regarding the proportional takeover bid provisions is provided as follows:

Proportional takeover bid

A proportional takeover bid is a takeover bid where the offer made to each shareholder is only for a proportion of that shareholder's securities (i.e. less than 100%).

Effect of proportional takeover bid provisions

If a proportional takeover bid is made, the Company cannot register any transfers giving effect to the takeover contract unless shareholders have approved the takeover bid.

Clause 5.7 of the new constitution is set out in full below:

"5.7 Proportional takeover approval

- (a) *If offers are made under a proportional takeover bid for shares in the company the registration of a transfer giving effect to a takeover contract for the bid is prohibited unless and until a resolution (**approving resolution**) to approve the bid is passed in accordance with the provisions of this rule 5.7.*
- (b) *A person (other than the bidder or an associate of the bidder) who, as at the end of the day on which the first offer under the bid was made, held bid class securities is entitled to vote on an approving resolution.*
- (c) *An approving resolution is to be voted on at a meeting, convened and conducted by the company, of the persons entitled to vote on the resolution.*
- (d) *An approving resolution that has been voted on is taken to have been passed if the proportion that the number of votes in favour of the resolution bears to the total number of votes on the resolution is greater than 50%, and otherwise is taken to have been rejected.*
- (e) *The provisions of this constitution that apply to a general meeting of the company apply, with such modifications as the circumstances require, to a meeting convened under this rule 5.7 as if it were a general meeting of the company.*
- (f) *This rule 5.7 will cease to have effect on the third anniversary of the date of insertion or last renewal of the rule."*

Reasons for proportional takeover provisions

A proportional takeover bid may result in control of the Company changing without shareholders having the opportunity to dispose of all their Shares. By making a partial bid, a bidder can obtain practical control of the Company by acquiring less than a majority interest. Shareholders are then potentially exposed to the risk of being left as a minority in the Company and the risk of the bidder being able to acquire control of the Company without payment of an adequate control premium. The proportional takeover provisions allow Shareholders to decide whether a proportional takeover bid is acceptable in principle, and assist in ensuring that any partial bid is appropriately priced.

Knowledge of any acquisition proposals

As at the date of this notice of meeting, no director is aware of any proposal to acquire or to increase the extent of a substantial interest in the Company.

Potential advantages and disadvantages

The existing constitution does not include proportional takeover provisions.

The directors consider that the proportional takeover provisions in the proposed new constitution enable the directors to ascertain the views of Shareholders on a proportional takeover bid. Apart from this, there is no specific advantage or disadvantage for directors in their capacity as directors in seeking to including the proportional takeover provisions in the Constitution.

The directors consider that the proportional takeover approval provisions in the proposed new constitution have the following potential advantages for Shareholders including:

- (a) shareholders will be given the right to decide by majority vote whether to accept a proportional takeover bid;
- (b) the provisions may help Shareholders avoid being locked in as a minority and may prevent a bidder acquiring control of the Company without paying an adequate control premium;
- (c) the provisions may increase Shareholders' bargaining power and may help ensure that any proportional takeover bid is adequately priced; and
- (d) knowing the view of the majority of Shareholders may help each individual Shareholder to assess the likely outcome of a proportional takeover bid and decide whether to accept or reject the proportional offer.

The directors consider that the proportional takeover approval provisions have the following potential disadvantages for shareholders including:

- (a) they may discourage proportional takeover bids being made for Shares in the Company;
- (b) this in turn may reduce opportunities which shareholders have to sell some of their Shares at a premium; and
- (c) the likelihood of a proportional takeover succeeding may be reduced.

The directors consider that the potential advantages outweigh the potential disadvantages and as a result consider that the renewal of the proportional takeover provision is in the interest of Shareholders.

The Board unanimously recommends the adoption of the new constitution including the proportional takeover bid provisions and the Chairman intends to vote all available undirected proxies in favour of Resolution 9.

GLOSSARY

In this Explanatory Memorandum, the following terms have the following unless the context otherwise requires:

"**ASX**" means ASX Limited ACN 008 624 691.

"**Board**" means the Board of Directors from time to time.

"**Chair**" or "**Chairman**" means the chairman of the Company who will chair the Meeting.

"**Company**" means Leigh Creek Energy Limited ABN 31 107 531 822.

"**Corporations Act**" means the *Corporations Act 2001* (Cth).

"**Directors**" means the directors of the Company from time to time and "**Director**" means any one of them.

"**Equity Securities**" in relation to the securities of the Company means a Share, an option over an issued or unissued security, any right to a Share or option over an issued or unissued security, or a convertible security.

"**Explanatory Memorandum**" means this explanatory memorandum.

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

"**Listing Rules**" means the listing rules of ASX and any other rules of ASX which are applicable while the Company is admitted to the official list of ASX, each as amended or replaced from time to time, except to the extent of any express written waiver by ASX.

"**Meeting**" or "**Annual General Meeting**" means the annual general meeting of Shareholders of the Company or any adjournment thereof, convened by the Notice.

"**Notice**" or "**Notice of Annual General Meeting**" means the notice of annual general meeting which accompanies this Explanatory Memorandum.

"**Notifiable Incident**" means:

(a) In respect of safety:

- (i) the death of a person (and may relate to any person, whether an employee, contractor or member of the public)
- (ii) a 'serious injury or illness', or
- (iii) a 'dangerous incident' arising out of the conduct of a business or undertaking at a workplace; and

- (i) In respect of the environment: an occurrence or set of circumstances, as a consequence of which pollution (air, water, noise, or land) or an adverse environmental impact has occurred, is occurring, or is likely to occur.

"**Option**" means an option exercisable for one Share.

"**Resolution**" means a resolution referred to in the Notice.

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

"**Shareholder**" or "**Member**" means a holder of Shares in the Company.

"**TCFD**" means the Financial Stability Board's Task Force on Climate-related Financial Disclosures.

"**VWAP**" means Volume Weighted Average Price of the Company's ASX-listed Shares trading under the code LCK.

ANNEXURE A TERMS AND CONDITIONS OF OPTIONS

The Options issued to directors under resolutions 3 to 6 (inclusive) will be issued on the terms and conditions set out below:

- Each vested Option entitles the director to acquire or to subscribe for and be allotted, credited as fully paid, one ordinary share at zero exercise price. Shares issued on the exercise of options will rank equally with all existing shares of that class from the date of allotment.
- Each vested Option is exercisable by notice in writing to the Company prior to the expiry date.
- An Option vests when all performance hurdles have been satisfied or waived.
- Options not previously exercised will lapse on the date which is the earlier of:
 - The expiration date;
 - Non-satisfaction of any performance hurdle by the required date ;
 - The expiry of 12 months after the director's death, if death occurs before the Option lapses;
 - The Company's receipt of notice of surrender of the relevant Options from the director
 - The expiry of 6 months after the director ceases to be an director (or officer, employee or consultant of the Company) by reason of retirement, redundancy or separation (at the volition of the director and with the written consent of the Board)
 - The expiry of 3 months after the director ceases to be a director (or officer, employee or consultant of the Company) for any other reason
- The Board may declare that any unexercised Options lapse where the director has committed (or it is evident the director intends to commit), any act (whether by omission or commission) which amounts or would amount to any of dishonesty, fraud, wilful misconduct, wilful breach of duty, serious and wilful negligence or incompetence in the performance of the Participant's duties; or the director is convicted of a criminal offence (other than a minor motor traffic offence or other trivial offence which does not impact on the director's good fame and character or ability to perform his duties) or is guilty of any other wilful or recklessly indifferent conduct which, in the reasonable opinion of the Board, may injure or tend to injure the reputation and/or the business or operations of the Company or any of its subsidiaries.
- Options will not be quoted on the ASX.
- The Options are not transferable unless the Board provides prior written consent to the transfer.
- The Company will make application to the ASX for official quotation of Shares issued on the exercise of Options, if other Shares of that class of the Company are listed for quotation on the ASX at that time.
- Options will not entitle the holder to participate in any new issue of securities by the Company unless the Option has been duly exercised and the underlying Share issued prior to the relevant record date. The Company will ensure that, for the purposes of determining entitlements to participate in any new issues of securities to holders of Shares (other than a share purchase plan), prior notice of any new issue is provided to Option holders before the record date.
- If there is a bonus issue to the holders of Shares, the number of Shares over which each of those Options are exercisable will be increased by the number of Shares which the holder of the Option would have received if the Option had been exercised before the record date for the bonus issue.
- If, prior to the expiry date of the Options, the issued capital of the Company is reorganised, the rights of the holders of the Options may be varied to comply with the ASX Listing Rules which apply to the reorganisation.
- If the Company makes a rights issue (other than a bonus issue), the exercise price of Options will be reduced in accordance with the following formula:

$$\text{Reduced Option Exercise Price} = O - \frac{E(P - (S + D))}{(N + 1)}$$

Where:

- O = the old exercise price of the Option;
- E = the number of underlying Shares into which one Option is exercisable;
- P = the volume weighted average price per Share recorded on the stock market of ASX during the 5 trading days immediately preceding the ex rights date or ex-entitlements date;
- S = the subscription price for a Share under the pro rata issue;
- D = any dividend due but not yet paid on existing underlying Shares (except those to be issued under the pro rata issue); and
- N = the number of Shares with rights or entitlements that must be held to receive a right to one new Share.

Conditions specific to Options the subject of Resolutions 3 and-4

1. The number of Options to be issued is set out on page 10 of this document.
2. The Options will have zero (\$0) exercise price.
3. The expiration date for these Options is 4 years from the date of issue.
4. The Options will be restricted from exercise until the performance hurdles outlined on pages 10-11 are satisfied.

Conditions specific to Options the subject of Resolutions 5 and 6

1. The number of Options to be issued is set out on page 13 of this document.
2. The options will have zero (\$0) exercise price.
3. The expiration date for these Options is 4 years from the date of issue.
4. The Options will not be issued until the share price hurdles are met, but will be vested and exercisable on issue.

Plan Rules

1. Purpose

- (a) The Leigh Creek Energy Ltd Share Option and Performance Right Plan provides Eligible Employees with the opportunity to acquire Options or Performance Rights, and ultimately Shares, in the Company.
- (b) The manner in which Eligible Employees will be invited to participate in the Plan is set out in these Rules.
- (c) The Plan commences on the date these Rules are adopted by the Company or any later date that the Board decides.
- (d) The Company, each member of the Group and each Participant are bound by these rules.

2. Definitions and interpretation

2.1 Definitions

In these Rules, and any information booklet, invitation, notice, application form or document issued or given in connection with the Plan by the Company unless the contrary intention appears:

"Additional Requirements" means the performance, vesting and/or other criteria (if any) that are determined by the Board and specified in the Offer Notice to an Eligible Employee and which are required to be met (or waived by the Board) before an Option or Performance Right may be exercised.

"Application" has the meaning given in Rule 4(e).

"Application Form" means an application form attached to an Offer Notice, in a form determined by the Board.

"ASIC" means the Australian Securities and Investments Commission.

"ASIC Instrument" means an instrument made by ASIC that exempts the Company, or each person in a class of persons, from the Corporations Act or any part of it, or that modifies the application of the Corporations Act or any part of it in particular circumstances.

"Associate" in respect of an Eligible Employee means:

- (a) an immediate family member of the Eligible Employee;
- (b) a company whose members comprise no person other than the Eligible Employee or immediate family members of the Eligible Employee; or
- (c) a corporate trustee of a self managed superannuation fund (within the meaning of the *Superannuation Industry (Supervision) Act 1993*), where the Eligible Employee is a director of the trustee,

or any other person the Board, in its absolute discretion agrees in writing is an "Associate" for the purposes of the Plan.

"Associated Company" means a related body corporate (within the meaning of that expression in the Corporations Act) of the Company, that the Board determines Employees of which will be eligible to participate in the Plan.

"**ASX**" means ASX Limited ACN 008 624 691, or the securities exchange operated by ASX Ltd, as the context requires.

"**Board**" means the Board of Directors of the Company as constituted from time to time.

"**Certificate**" means an Option or Performance Right certificate or holding statement issued pursuant to Rule 5 in such form as the Board may from time to time determine, and includes any replacement Certificate or holding statement issued pursuant to Rule 7(c).

"**Company**" means Leigh Creek Energy Ltd ACN 107 531 822

"**Control**" has the same meaning as in section 50AA of the Corporations Act.

"**Corporations Act**" means the *Corporations Act 2001* (Cth).

"**Date of Grant**" means the date the Options or Performance Rights are granted to the Participant, following receipt of a valid Application.

"**Eligible Employee**" means an Employee who has been approved or selected to receive an invitation by the Board for participation in the Plan.

"**Employee**" means a person in the full-time or part-time employment of a member of the Group (or a person otherwise in the employment of a company in the Group who the Board determines to be an Employee for the purposes of the Plan), consultants and contractors of a company in the Group and directors or officers of any member of the Group.

"**Exercise Period**" means, in respect of Options or Performance Rights granted to a Participant, the period commencing on the first day after:

- (a) if Options or Performance Rights are subject to vesting conditions, the date after satisfaction or waiver of all those vesting conditions; or
- (b) if the Options or Performance Rights are not subject to vesting conditions, the Date of Grant;

and, subject to Rules 8 to 13 (inclusive) ending on the Expiration Date.

"**Exercise Price**" means the amount (if any) payable by a Participant on the exercise of an Option as specified in the Grant Notice, subject to any adjustment made in accordance with Rule 17(d).

"**Expiration Date**" means the earlier to occur of:

- (a) five years after the Date of Grant; and
- (b) the date of expiry (if any) specified in the Offer Notice.

"**Group**" means the Company and the Associated Companies.

"**Listing Rules**" means the listing rules of the ASX.

"**Notice of Exercise**" means a duly completed and executed notice of exercise of Option or Performance Right by a Participant, in a form approved by the Board from time to time.

"**Offer**" means an offer of grant of Options or Performance Rights to an Eligible Employee under Rule 4(b).

"**Offer Notice**" means a notice issued to an Eligible Employee under Rule 4(b) in accordance with the specifications in Rule 4(c).

"**Option**" means an option, granted to a Participant, to subscribe for or acquire a Share under the Plan.

"Participant" means a person who holds an Option or Performance Right granted under the Plan.

"Performance Right" means a right to be issued or allocated a Share in the Company on the terms of this Plan.

"Plan" means the Leigh Creek Energy Ltd Employee Share Option and Performance Right Plan established and operated in accordance with these Rules.

"Redundancy" means a Participant ceasing to be employed by any member of the Group due to economic, technological, structural or other organisational change where, through no act or default of the Participant:

- (a) the Group no longer requires the duties and responsibilities carried out by the Participant to be carried out by anyone; or
- (b) the Group no longer requires the position held by the Participant to be held by anyone.

"Retirement" means a Participant ceasing to be employed by any member of the Group because:

- (a) the Participant attains the age that the Board accepts as the retirement age for that individual; or
- (b) the Participant is unable, in the opinion of the Board, to perform his or her duties because of illness or incapacity.

"Rules" means the rules governing the Plan set out in this instrument, as amended from time to time.

"Security Interest" means a mortgage, charge, pledge, lien or other encumbrance of any nature.

"Separation" means a Participant ceasing to be employed by any member of the Group by the volition of the Participant and with the written consent of the Board expressly given for the purposes of the Plan.

"Shares" mean fully paid ordinary shares in the capital of the Company.

"Vested Options" means an Option in respect of which all conditions have been satisfied or waived before that Option becomes vested in its holder.

"Vested Performance Right" means a Performance Right in respect of which all Additional Requirements have been satisfied or waived.

2.2

Interpretation

In these Rules, unless the contrary intention appears:

- (a) reference to any legislation or any provision of any legislation includes any modification or re-enactment of the legislation or any legislative provision substituted for, and all legislation and statutory instruments and regulations issued under the legislation;
- (b) words denoting the singular include the plural and vice versa;
- (c) words denoting a gender include the other genders;
- (d) words denoting an individual or person include the individual's or person's legal personal representatives, executors, administrators and successors;
- (e) headings are for convenience only and do not affect the interpretation of these Rules;
- (f) reference to a clause or paragraph is a reference to a clause or paragraph of these Rules, or the corresponding Rule or Rules of this Plan as amended from time to time;

- For personal use only
- (g) reference to any document or agreement includes reference to that document or agreement as amended, novated, supplemented, varied or replaced from time to time;
 - (h) where any word or phrase is given a definite meaning in these Rules, any part of speech or other grammatical form of that word or phrase has a corresponding meaning;
 - (i) where an Eligible Employee is a consultant or contractor to a member of the Group, references to “employed” or “employment” in this Plan are references to “engaged” or “engagement” respectively and where the Eligible Employee holds office with a member of the Group, references to “employed” or “employment” in this Plan are references to the holding of that office; and
 - (j) if a Participant is an Associate of an Eligible Employee then:
 - (i) a reference in these Rules to a Participant ceasing (for any reason and howsoever defined or described) to be an Employee is a reference to the Employee in respect of whom the Associate is the Associate so ceasing to be an Employee as if the Options and/or Performance Rights held by the Associate were held by such Employee, and the Rules apply accordingly;
 - (ii) the Rules otherwise apply to and bind the Associate; and
 - (iii) a reference to a Participant, where Options and/or Performance Rights are held jointly or otherwise by an Associate of an Employee, extends to the Employee of which the Participant is the Associate.

3. Eligibility

- (a) Only Eligible Employees may be granted Options or Performance Rights under the Plan.
- (b) No Employee is entitled to Options or Performance Rights unless the Board in its absolute discretion selects that Employee to be an Eligible Employee.

4. Invitation, offer and grant of Options or Performance Rights

- (a) Options or Performance Rights may be granted by the Company from time to time under the Plan in accordance with, and subject to, these Rules.
- (b) The Company may, by notice in writing, from time to time offer an Eligible Employee the opportunity to participate in the Plan.
- (c) The Offer Notice must specify:
 - (i) the name and residential address of the Eligible Employee to whom the offer is made;
 - (ii) the amount payable (if any) for the grant of an Option or Performance Rights or how it is calculated;
 - (iii) the number of Options or Performance Rights for which that Eligible Employee may apply;
 - (iv) in the case of Options, the Exercise Price or the manner of determining the Exercise Price;
 - (v) the Expiration Date or how it is calculated;

- (vi) the date by which the application for Options or Performance Rights must be received by the Company; and
- (vii) the Additional Requirements (if any) and any other specific terms and conditions applicable to the Options or Performance Rights,

and must be issued with such other information and documents as may be required by the Corporations Act (including any instrument of exemption or modification thereof) or the Listing Rules.

- (d) An Offer Notice must be accompanied by an Application Form, which must set out the method of acceptance, including:
- (i) the name or title of the person to whom the Application Form must be returned; and
 - (ii) the date and time by which the duly completed Application Form must be received by or on behalf of the Company; and
 - (iii) payment instructions for any amount payable for the grant of the Options or Performance Rights (if applicable).
- (e) Following the receipt of an Offer Notice, application for the Options or Performance Rights specified in the Offer Notice may be made by the Eligible Employee by duly completing the Application Form that accompanies the Offer Notice (**Application**).
- (f) The Application must be in the form included with the Offer Notice, and may not be made on the basis that it is subject to any terms and conditions other than those specified in the Offer Notice. An Eligible Employee may either:
- (i) accept the Offer made in the Offer Notice for all of the number of Options and/or Performance Rights specified or part thereof;
 - (ii) reject the Offer; or
 - (iii) accept the Offer and nominate in writing that the Options and/or Performance Rights be granted to one or more Associates of the Eligible Employee and in what proportions.
- (g) For an Application to be valid, it must be signed by the Eligible Employee and any nominated Associates and received by or on behalf of the Company by the time and date specified in the Application Form and accompanied by payment of any amount payable for the grant of the Options and/or Performance Rights (if applicable), unless otherwise determined by the Board.
- (h) An Application by an Eligible Employee will not be accepted if, at the date the Application would otherwise be accepted:
- (i) he or she is not an Eligible Employee;
 - (ii) he or she has given their Group Company employer notice of his or her resignation or termination as an Eligible Employee; or
 - (iii) he or she has been given notice of termination of employment as an Eligible Employee or if, in the opinion of the Board, he or she has tendered his or her resignation or notice of termination to avoid such termination.
- (i) Each Participant is, by submitting a completed Application, deemed to have agreed to be bound by:
- (i) the terms of the Offer Notice and Application Form;

- (ii) the provisions of these Rules, as amended from time to time; and
- (iii) the constitution of the Company, as amended from time to time.
- (j) The Board may determine for any reason that an Application will not be accepted and is not obliged to give any reasons for its determination. If an Application is not accepted, then any amount payable for the grant of the Options and/or Performance Rights (if applicable) that has been paid to the Company will be promptly returned, without interest.
- (k) An Offer Notice or Application Form may be in electronic form, in which case references in these rules to:
- (i) an Application Form accompanying or being included with an Offer Notice will be taken to include making that Application Form available in an electronic form;
 - (ii) completing, signing and submitting an Application Form will be taken to be satisfied by the completion and submission of information in electronic form in any manner specified in the Offer Notice or Application Form; and
 - (iii) receipt of an Application Form will be taken to be satisfied by the receipt of information in electronic form in any manner specified in the Offer Notice or Application Form, subject to any applicable requirements of the Corporations Act and any ASIC Instrument.
- (l) Subject to Rule 4(i), on receipt of a valid Application, the Company at the discretion of the Board may grant Options and/or Performance Rights to the Eligible Employee or their nominated Associate(s) specified in the Application, subject to these Rules and the terms and conditions specified in the Offer Notice.

5. Certificate

- (a) Upon the grant of Options under the Plan, a Certificate must be issued evidencing the number of Options that have been granted to the Participant and setting out the expiry date, exercise price and number of Shares to which the Participant is entitled to subscribe for or acquire. The Certificate must be issued to the Participant within 2 months of the Date of Grant.
- (b) Upon the grant of Performance Rights under the Plan, a Certificate must be issued evidencing the number of Performance Rights that have been granted to the Participant and setting out the expiry date and number of Shares to which the Participant is entitled to acquire. The Certificate must be issued to the Participant within 2 months of the Date of Grant.

6. Entitlement

- (a) Each Vested Option entitles the Participant to acquire or to subscribe for and be allotted, credited as fully paid, one Share at the Exercise Price.
- (b) Each Vested Performance Right entitles the Participant to acquire and be allotted, credited as fully paid, one Share.
- (c) Subject to these Rules and the Listing Rules, the Company must allot Shares following the valid exercise of Options or Performance Rights.
- (d) Shares issued on the exercise of Options or Performance Rights will rank equally with all existing Shares of that class from the date of allotment.

7. Exercise of Options or Performance Rights

- (a) Subject to the satisfaction or waiver of the Additional Requirements (if any) and these Rules, an Option or Performance Right which has not lapsed is exercisable during the relevant Exercise Period by the Participant lodging with the Company, or such person nominated by the Board for that purpose, a Notice of Exercise signed by the Participant, together with the most recent Certificate and, subject to Rule 7(b), the Exercise Price for each Option to be exercised.
- (b) All payments pursuant to Rule 7(a) must be made by cheque or bank draft made out in favour of the Company, or such other method of payment approved by the Board, and must be forwarded to the Company Secretary of the Company, or such other person nominated by the Board for that purpose.
- (c) Each time a Participant exercises any Options or Performance Rights covered by a Certificate, the Participant must exercise Options or Performance Rights in multiples of 1,000 or such other number as the Board may decide (and, in the case where a Participant holds less than this number, the number held by a Participant). Where a Participant submits a Notice of Exercise in respect of any part of the Options or Performance Rights held by the Participant, the Company must issue a replacement Certificate showing the remaining number of Options or Performance Rights held by the Participant.
- (d) Each Participant must comply with all applicable laws (including the insider trading provisions of the Corporations Act) and any of the Company's policies (including any securities trading policy) in respect of the exercise of any Options or Performance Rights and the dealing in any Shares issued to the Participant as a result of the exercise of any Options or Performance Rights.
- (e) Notwithstanding any other Rule, the Board is not obliged to accept a Notice of Exercise if, in its reasonable opinion, the exercise of the Options or Performance Rights or resulting acquisition of Shares would result in a breach of law or a policy of the Company.

8. Lapse of Options or Performance Rights

- (a) Subject to Rule 9(b), an Option or Performance Right not previously exercised during the Exercise Period will lapse on the date which is the earlier of:
 - (i) the Expiration Date;
 - (ii) non-satisfaction of any Additional Requirements that would result in forfeiture or lapse of the Options or the Performance Rights;
 - (iii) the expiry of 12 months after the Participant's death, if death occurs before the Option or Performance Right lapses under Rules 8(a)(iv) to 8(a)(vii) (both inclusive);
 - (iv) the expiry of 6 months after the Participant ceases to be an Employee by reason of Retirement;
 - (v) the expiry of 3 months after the Participant ceases to be an Employee for any other reason;
 - (vi) the date of lapse under Rules 9, 11 or 13 (if applicable); and
 - (vii) the Company's receipt of notice of surrender of the relevant Options or Performance Rights from a Participant.
- (b) The Board has the absolute discretion to determine that Options or Performance Rights will not lapse on the occurrence of any of the events referred to in Rule 8(a)(ii) to (vi) (inclusive), but the Board cannot allow Options or Performance Rights to be exercised beyond the Expiration Date. A

determination that Options or Performance Rights will not lapse on the occurrence of an event referred to in rules 8(a)(ii) will constitute a waiver by the Board of the relevant Additional Requirements.

- (c) Unless the ASX Listing Rules provide otherwise, the Company is not required to notify an Option holder or Performance Right holder of the impending lapse or actual lapse of any Options or Performance Rights. Following the lapse of an Option or Performance Right, any purported exercise of that Option or Performance Right will be invalid and the Company will have no obligation to issue any Shares to which a lapsed Option or Performance Right relates.

9. Exercise of an Option or Performance Right on ceasing to be employed by a Group Company

If, before exercising an Option or Performance Right, a Participant ceases to be an Employee (other than by reason of his or her death), then (subject to the other provisions of this Rule 9):

- (a) if the employment ceases by reason of Retirement, Redundancy, Separation or otherwise for termination by the relevant Group Company other than in circumstances set out in Rule 12 the Participant may:
- (i) exercise a Vested Option or Vested Performance Right at any time from the date of cessation of employment until it lapses, except a Vested Option or Vested Performance Right is deemed to have lapsed on the date of cessation of employment where the Board reasonably determines and provides notice to the Participant in writing that the Vested Option or Vested Performance Right has lapsed and the Company has no obligation to issue the Shares to which the Vested Option or Vested Performance Right relates following any purported exercise of the Vested Option or Vested Performance Right; or
 - (ii) if permitted by the Board in writing, exercise an Option or Performance Right that is not a Vested Option or Vested Performance Right from the date of cessation of employment until it lapses; or
- (b) if the employment ceases for a reason other than Retirement, Redundancy, Separation or otherwise for termination by the relevant Group Company other than in circumstances set out in Rule 12 the Participant may exercise any unexercised Option or Performance Right at any time from the date of cessation until it lapses, only if permitted by the Board in writing.

10. Individual not treated as ceasing to be an Employee

A Participant:

- (a) is not treated as ceasing to be an Employee unless and until the individual is no longer an Employee of any Group Company, whether or not in the same capacity as at the time the Option or Performance Right was granted; and
- (b) subject to Rule 11, is not treated as ceasing to be an Employee if the individual is no longer an Employee because:
- (i) the individual's employer ceases to be a Group Company, whether or not, after the cessation, the individual remains an employee, consultant or officer of that employer; or
 - (ii) the individual is an employee or consultant of a business that is transferred to a person that is not a Group Company.

11. Option or Performance Right lapses if employer ceases to be a Group Company or on change in ownership of business

If a Participant is no longer an Employee because of circumstances set out in paragraph 10(b), then the Options or Performance Rights lapse upon this occurring except where otherwise determined by the Board in writing, in which case the Participant's Options and Performance Rights lapse on the latest of:

- (a) the expiration of 3 months after the date of the cessation or transfer (as the case may be); and
- (b) if the Participant dies before the Option or Performance Right lapses under Rule 11(a), the expiration of 12 months after the individual's death.

12. Option and Performance Right may lapse in the case of fraud or dishonesty

If, in the opinion of the Board, a Participant:

- (a) has committed (or it is evident the Participant intends to commit), any act (whether by omission or commission) which amounts or would amount to any of dishonesty, fraud, wilful misconduct, wilful breach of duty, serious and wilful negligence or incompetence in the performance of the Participant's duties; or
- (b) is convicted of a criminal offence (other than a minor motor traffic offence or other trivial offence which does not impact on the Participant's good fame and character or ability to perform his/her duties) or is guilty of any other wilful or recklessly indifferent conduct which, in the reasonable opinion of the Board, may injure or tend to injure the reputation and/or the business or operations of a Group Company,

then the Board may declare that any unexercised Option and Performance Right has lapsed, and the Option and Performance Right lapses accordingly.

13. No exercise of Option or Performance Right on bankruptcy

It is a condition precedent to the exercise of an Option or Performance Right that if the Participant is an individual, the Participant is not bankrupt and has not committed an act of bankruptcy or, if the Participant is deceased, the Participant's estate is not bankrupt or if the Participant is not an individual, the Participant is not insolvent or subject to a resolution or order for winding up.

14. Transfers

- (a) Options and Performance Rights are personal to the Participant and may only be exercised during the Exercise Period and not exercised by any other person or body corporate, (except that on the death of the Participant, the Options and Performance Rights may be exercised during the Exercise Period in accordance with Rule 7 by the Participant's legal personal representative or in the event that an order is made for the Participant's estate to be administered under the laws relating to mental health, then by the person who is appointed to administer such estate).
- (b) Prior to the exercise of the Options and Performance Rights, the Options and Performance Rights may not be transferred at any time to any person. The Option and Performance Right lapses immediately on purported sale, assignment, transfer or dealing or grant, unless the Board in its absolute discretion approves the dealing, or the transfer or transmission is effected by force of law on death or legal incapacity to the Participant's legal personal representative.
- (c) Options and Performance Rights will not be quoted on the ASX.

15. Quotation of Shares

- (a) The Company will make application to the ASX for official quotation of Shares issued on the exercise of Options or Performance Rights, if other Shares of that class of the Company are listed for quotation of the ASX at that time.
- (b) Where the Shares issued on the valid exercise of an Option or Performance Right are subject (pursuant to the Offer Notice and any Additional Requirements) to any restriction as to disposal or other dealing by the Participant for any period, the Board may implement any procedure it deems appropriate that complies with the Listing Rules (or the terms of any waiver given under them by the ASX) to ensure compliance by the Participant with this restriction.
- (c) By applying for and being granted Options and Performance Rights under these Rules, each Participant undertakes that while the Shares acquired by the Participant as a result of the exercise of Options and Performance Rights are subject to any restriction procedure prescribed under Rule 15(b), the Participant will not take any action or permit another person to take any action to remove the restriction procedure.
- (d) Upon the expiry of any restriction over a Share, the Company will take all reasonable actions within its control that are necessary to ensure that the Participant can deal with the Share.

16. Changes in circumstances

- (a) In the event of any reorganisation of the capital of the Company, the terms of the Options and Performance Rights must be reorganised in accordance with the Listing Rules as at the date of reorganisation.
- (b) Participants will not be entitled to participate in any new issue of Shares in the Company as a result of such holding unless they have become entitled to exercise their Options and Performance Rights under the Plan and do so prior the record date for the determination of entitlements to the new issue and participate as a result of being a holder of Shares.
- (c) If the Company makes a bonus issue of Shares pro-rata to existing shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) and no Share has been allotted in respect of an Option or Performance Right before the record date for determining entitlements to the bonus issue, then the number of Shares over which the Option or Performance Right is exercisable must be increased by the number of Shares which the Participant would have received if the Participant had exercised the Option or Performance Right prior to the record date.
- (d) If the Company makes an offer of Shares pro-rata to existing shareholders (other than a Bonus Issue and an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) and no Share has been allotted in respect of an Option before the books closing date for determining entitlements to the rights issue, the Exercise Price of the Option must be adjusted in accordance with the formula in the Listing Rules.
- (e) If the Company from time to time offers shareholders other securities, then the Board will determine in its absolute discretion whether the other securities are to be offered to Participants on the exercise of Options or Performance Rights or whether any other equivalent securities, interest or rights will be offered to them and the basis thereof, to the intent that on the exercise of Options or Performance Rights the Participants may be treated whenever possible as if they were shareholders at the Date of Grant.
- (f) The Board will be entitled to have any calculations or adjustments which are required to be made for the purposes of these Options or Performance Rights to be made by the auditors of the Company for the time being and such calculations, in the absence of manifest error, will be final and conclusive and binding on the Participant.

- (g) The Company must notify each Participant of any adjustments made to the Exercise Price or the number of Options or Performance Rights or the number of Shares underlying each Option or Performance Right.

17. Takeover, scheme of arrangement, voluntary winding up

- (a) Where, prior to the Expiry Date and whether or not Rules 17(b), 17(c) or 17(d) apply, the Board determines that there are circumstances which have occurred or are likely to occur which will result in significant changes to the structure or control of the Company which may materially adversely affect the rights of or value of benefits to Participants, the Board must give written notice of such determination and notwithstanding any other provisions of these Rules must henceforth allow each Participant to lodge with the Company a Notice of Exercise.
- (b) If offers to acquire Shares in any class of shares in the Company are made under a takeover scheme or takeover announcement, then the Board must immediately give written notice to each Participant of the takeover offer and the Participant may, notwithstanding any other provisions of these Rules, exercise any Options and Performance Rights at any time during the period of 6 months after the date on which the offers are made or, if the offers are conditional, the date on which the offers become unconditional, provided that no Option or Performance Right will be capable of exercise later than the Expiration Date.
- (c) If a scheme of arrangement under the Corporations Act is proposed between the Company and its shareholders, the Board may, at the request of the Participant:
- (i) if another company ("acquiring company") acquires Control of the Company and with the agreement of the acquiring company, seek to arrange that, as a condition of the proposed scheme, the Options and Performance Rights relate to shares in the acquiring company instead of Shares, on such terms as are agreed between the Company, the option holder or the performance right holder and the acquiring company (in which case this document will apply with all necessary modifications as if references to Shares were references to shares in the acquiring company and references to the Company were references to the acquiring company); and/or
 - (ii) notwithstanding the other provisions of these Rules, permit Options and Performance Rights to be exercisable, conditional on the scheme of arrangement becoming effective during such a period and on such other terms as it may decide provided that no Option or Performance Right will be capable of exercise later than the Expiration Date.

If no determination is made under paragraphs (i) or (ii), Options and Performance Rights will continue to be subject to these Rules and the terms and conditions on which they were granted.

- (d) If a resolution for a member's voluntary winding up of the Company is to be put before members of the Company (other than for the purpose of a reconstruction or amalgamation) the Participant may, notwithstanding any other provision of these Rules, exercise his or her Options and Performance Rights immediately such notice of meeting of members is dispatched to members provided that no Option or Performance Right will be capable of exercise later than the Expiration Date.

18. Notices

Any notice or direction given under these Rules is validly given if it is handed to the person concerned or sent by ordinary prepaid post to the person's last known address or in such manner as the Board from time to time determines.

19. Right to accounts

The Company is not obliged to give a Participant copies of any notices, circulars and other documents sent by the Company to its shareholders until that Participant becomes a shareholder.

20. Limitations on size of the Plan

- (a) Despite any other provision of these Rules or any term or condition of the participation of any Participant in the Plan, no Option or Performance Right may be granted or exercised if to do so would contravene the Corporations Act or the Listing Rules.
- (b) The Board must not issue an Offer Notice to apply for Options and/or Performance Rights, if the number of Shares the subject of the Offer Notice, exceeds the maximum permitted under any applicable ASIC Instrument to ensure compliance with such ASIC Instrument.

21. Variation of Rules

- (a) The Company may, subject to the Listing Rules and Rule 21(b), add to or vary any of these Rules, or waive or modify the application of any of these Rules in relation to any Participant, at any time by resolution of the Board.
- (b) If an addition or variation under Rule 21(a) materially reduces the rights of Participants in respect of Options or Performance Rights held by them prior to the date of amendment under the Plan, the Board must obtain the consent of three-quarters of the Participants affected by such addition or variation.
- (c) Notwithstanding Rule 21(b), the Board may amend the Rules and need not obtain Participant consent where the amendment is introduced primarily:
 - (i) to benefit the administration of the Plan;
 - (ii) to comply with or take account of current, new, or changes to the, provisions of any proposed or existing legislation, Listing Rules, or regulatory practice or any other State, Territory or Commonwealth legal requirements governing, regulating or affecting the maintenance or operation of the Plan or like plans;
 - (iii) to correct any manifest error or mistake;
 - (iv) to obtain or maintain favourable tax, exchange control or regulatory treatment of any member of the Group or any present or future Participant or to address possible adverse tax implications for Participants generally or any member of the Group arising from a ruling of any relevant taxation authority, change to tax legislation (including an official announcement by any relevant taxation or government authority) or a change in interpretation of legislation by a court of competent jurisdiction or by any relevant authority;
 - (v) for the purpose of enabling the Participants generally (but not necessarily each Participant) to receive a more favourable taxation treatment in respect of their participation in the Plan; or
 - (vi) to enable the Company or any member of the Group to comply with the Corporations Act or the Listing Rules or to take advantage of any exemption or modification granted from time to time by the ASIC in respect of employee share plans.
- (d) Subject to Rules 21(b) and 21(c), any amendment made under Rule 21(a) may be given retrospective effect as specified in the written instrument by which the amendment is made.

- (e) The Board is not required to give written notice of any changes made to any Participant affected.

22. Termination or suspension of the Plan

The Plan may be terminated or suspended at any time by the Board, but any such termination or suspension will not affect or prejudice rights (if any) of Participants holding Options and Performance Rights at that time.

23. Administration of the Plan

- (a) The Plan will be administered by the Board or a committee of the Board in accordance with these Rules. The Board may make regulations for the operation of the Plan that are consistent with these Rules.
- (b) Where the Rules provide for a determination, decision, approval or opinion of the Board, such determination, decision, approval or opinion of the Board is in its absolute discretion.
- (c) Any power or discretion that is conferred on the Board by these Rules may be exercised by the Board in the interests or for the benefit of the Company, and the Board is not, in exercising any such power or discretion under any fiduciary or other obligation to any other person.
- (d) The decision of the Board as to the interpretation, effect or application of these Rules will be final.
- (e) The Board may delegate such functions and powers under this Plan, as it may consider appropriate, for the efficient administration of the Plan, to a committee made up of a person or persons capable of performing those functions and exercising those powers.
- (f) The Board or a committee may take and rely upon independent professional or expert advice in or in relation to the exercise of any of their powers or discretions under these Rules.
- (g) The Board may from time to time require a person invited to participate in the Plan or a Participant to complete and return such documents as may be required by law to be completed by that Eligible Employee, or such other documents which the Board considers should, for legal, taxation, administrative or other reasons, be completed by that Eligible Employee. If so requested, then such documents must be completed and returned within the time period specified by the Board.

24. No Interest in Shares

A Participant has no interest in Shares the subject of his or her Options and Performance Rights unless and until those Options and Performance Rights are exercised and underlying Shares are allotted to that Participant.

25. Rights of Participant

Nothing in these Rules:

- (a) confers on any person any expectation to become or remain an Eligible Employee;
- (b) confers on any person the right to be invited to apply for, to be offered or to receive any Options or Performance Rights;
- (c) confers on any Participant the right to continue as an Employee of the Company or any Associated Company;

- (d) affects any rights which the Company or any Associated Company may have to terminate the employment or engagement of any Employee; or
- (e) may be used to increase damages in any action brought against the Company or any Associated Company in respect of any such termination.

26. General

- (a) The entitlements of the Participants and these Rules are subject to the Company's Constitution, the Listing Rules and the Corporations Act.
- (b) The Plan must operate in accordance with these Rules, which bind the Company, each Associated Company, and each Participant.
- (c) Notwithstanding any Rule or the terms of any Option or Performance Right, no Option or Performance Right may be granted or exercised if to do so would contravene the Corporations Act or any other applicable laws or the Listing Rules.
- (d) The Company must pay all the expenses, costs and charges incurred in operating the Plan. The Company is not responsible for any duties or taxes which may become payable in connection with the issue and allotment of Shares pursuant to an exercise of the Options and/or Performance Rights or any other dealing with the Options, Performance Rights or Shares.
- (e) Where an offer to apply for Options and/or Performance Rights pursuant to an Offer Notice is made to a person who is not a resident of Australia, the provisions of the Plan apply subject to such alterations or additions as the Board determines having regard to any applicable or relevant laws, matters of convenience and desirability and similar factors which may have application to the Participant or to any Associated Body Corporate in relation to the Options and Performance Rights.
- (f) If any provision in these Rules is void, voidable by any party or illegal, it shall be read down so as to be valid and enforceable or, if it cannot be so read down, the provision (or where possible, the offending words) shall be severed from these Rules without affecting the validity, legality or enforceability of the remaining provisions (or parts of those provisions) of these Rules, which shall continue in full force and effect.

27. Security Interests

Participants may not grant any Security Interest in or over or otherwise dispose or deal with any Options or Performance Rights or any interests therein, and any such Security Interest or disposal or dealing will not be recognised in any manner by the Company and the Option or Performance Right will automatically lapse on the granting of any such Security Interest unless the Board in its absolute discretion approves the dealing, Security Interest or the transfer or transmission is effected by force of law on death or legal incapacity to the Participant's legal personal representative.

28. Governing Law

This Plan and the rights of the Participants under the terms and conditions of the Plan are to be governed by the laws of South Australia.

LEIGH CREEK ENERGY LIMITED

ACN 107 531 822

("The company")

**EMPLOYEE SHARE OPTION AND PERFORMANCE
RIGHT PLAN**

Need assistance?



Phone:

1300 556 161 (within Australia)
+61 3 9415 4000 (outside Australia)



Online:

www.investorcentre.com/contact



YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **9:30am (ACDT) on Tuesday, 2 November 2021.**

Proxy Form

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

APPOINTMENT OF PROXY

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

SIGNING INSTRUCTIONS FOR POSTAL FORMS

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

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

PARTICIPATING IN THE MEETING

Corporate Representative

If a representative of a corporate securityholder or proxy is to participate in the meeting you will need to provide the appropriate "Appointment of Corporate Representative". A form may be obtained from Computershare or online at www.investorcentre.com/au and select "Printable Forms".

Lodge your Proxy Form:

XX

Online:

Lodge your vote online at www.investorvote.com.au using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is



Control Number:
SRN/HIN:

For Intermediary Online subscribers (custodians) go to www.intermediaryonline.com

By Mail:

Computershare Investor Services Pty Limited
GPO Box 242
Melbourne VIC 3001
Australia

By Fax:

1800 783 447 within Australia or
+61 3 9473 2555 outside Australia



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

☐ **Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.

Proxy Form

Please mark ☒ to indicate your directions

Step 1 Appoint a Proxy to Vote on Your Behalf

XX

I/we being a member/s of Leigh Creek Energy Limited hereby appoint

☐ the Chairman of the Meeting **OR**

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Leigh Creek Energy Limited to be held as a virtual meeting on Thursday, 4 November 2021 at 9:30am (ACDT) and at any adjournment or postponement of that meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Items 1, 3, 4, 5, 6 and 7 (except where I/we have indicated a different voting intention in step 2) even though Items 1, 3, 4, 5, 6 and 7 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Items 1, 3, 4, 5, 6 and 7 by marking the appropriate box in step 2.

Step 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

	For	Against	Abstain
1 Adoption of the Remuneration Report for the year ended 30 June 2021	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Re-election of Mr Zheng Xiaojiang	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Issue of short term incentive options to Justyn Peters	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Issue of short term incentive options to Phillip Staveley	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Issue of long term incentive options to Justyn Peters	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6 Issue of long term incentive options to Phillip Staveley	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7 Employee Share Option and Performance Rights Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8 Approval of Additional 10% Placement Capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9 Adoption of new Constitution including proportional takeover bid provisions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

Step 3 Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director & Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

/ /

Date

Update your communication details (Optional)

Mobile Number

Email Address

By providing your email address, you consent to receive future Notice of Meeting & Proxy communications electronically

LCK

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Computershare

