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ABN 60 078 480 136



23 September 2021

Dear Shareholder

Austin Engineering Limited – 2021 AGM – Notice and proxy form

Austin Engineering Limited (**Company**) advises that it will hold its 2021 Annual General Meeting (**Meeting**) on Friday, 26 November 2021 at 13.00 (AWST) at Level 18 Alluvion 58 Mounts Bay Road, Perth, WA 6000.

In accordance with the *Treasury Laws Amendment (2021 Measures No. 1) Act 2021* (Cth), the Company will not be dispatching physical copies of the Notice of Annual General Meeting (**Notice**). The Notice, which was released to the ASX on 23 September 2021, can be viewed and downloaded from the Company's website at <https://www.austineng.com.au>.

The Board has made the decision that the Meeting will be held in person (and not by virtual means) with appropriate social distancing measures in place to comply with applicable restrictions for physical gatherings. If you attend the Meeting in person, you will be required to adhere to COVID-19 protocols in place at the time of the Meeting.

Shareholders are encouraged to vote online at www.investorvote.com.au or by lodging the personalised proxy form (enclosed) in accordance with the instructions set out on the proxy form.

As the situation regarding the management of COVID-19 continues to evolve, Shareholders are encouraged to monitor the Company's website and ASX announcements for any further updates in relation to the arrangements for the Meeting.

The Directors of the Company appreciate the understanding of Shareholders under the current circumstances.

Online Communications

Our Company is committed to promoting positive environmental outcomes. To that end, we are asking all our shareholders to provide an email address to receive their communications online. This ensures we are providing you with the information you need in the fastest, most cost-effective manner possible, while also significantly reducing our environmental impact. Shareholder communications available online include the Annual Report, Voting Forms, Notice of Meeting, Issuer Sponsored Holding Statements, Payment Advices and other company related information. You can view, download or print your shareholding information as you choose. To Provide Your Details Online **1**. Go online to <https://www.computershare.com.au/easyupdate/ANG> **2**. Follow the prompts to update your information, add your e-mail address and update your 'Communications' preferences.

We look forward to and urge your participation at the Meeting (either by attending in person or in the manner outlined above) and thank you for your continued support.

Katina Nadebaum
Company Secretary

For More Information: T: +61 8 9334 0666

Austin Engineering Limited

ACN 078 480 136

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of Shareholders of Austin Engineering Limited ACN 078 480 136 (the **Company**) will be held at 13:00 (AWST) on Friday 26 November 2021 at Level 18 Alluvion 58 Mounts Bay Road, Perth, WA 6000.

IMPORTANT NOTICE TO SHAREHOLDERS

It is currently anticipated that the Company will be holding the Annual General Meeting in person. The Company has taken steps to ensure that all attendees will be able to participate in the Meeting while maintaining their health and safety and abiding by any applicable social distancing requirements.

Shareholders do not need to attend the Meeting in order to cast their vote(s). The Company therefore recommends that Shareholders who do not wish to attend the Meeting in person, but who wish to vote, appoint a proxy (and where desired, direct the proxy how to vote on a Resolution) rather than attending in person.

If the Meeting cannot be held in person for any reason, the Company will seek to make additional arrangements as required.

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

Agenda

Financial Statements and reports

To receive and consider the financial statements and the reports of the Directors and the Auditor for the financial year ended 30 June 2021.

Resolution 1 – Adoption of Remuneration Report

To consider and, if thought fit, pass the following as an ordinary resolution under section 250R(2) of the Corporations Act:

‘That the Remuneration Report (which forms part of the Directors’ report for the year ended 30 June 2021) be adopted.’

Note: The vote on this Resolution is advisory only and does not bind the Directors or the Company.

Voting Exclusion Statement

To the extent required by section 250R of the Corporations Act, a vote must not be cast (in any capacity) on Resolution 1 by or on behalf of any of the following persons:

- (a) a member of the key management personnel details of whose remuneration are included in the Remuneration Report; or
- (b) a closely related party of such a member.

However, a person (the “voter”) may cast a vote on the Resolution as a proxy if the vote is not cast on behalf of a person described in (a) or (b) above and either:

- (c) the voter is appointed as a proxy in writing that specifies the way the proxy is to vote on the Resolution; or
- (d) the voter is the chair of the meeting and the appointment of the chair as proxy (i) does not specify the way the proxy is to vote on the Resolution; and (ii) 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.

Resolution 2 – Re-election of Mr Chris Indermaur as a Non-executive Director

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

‘That Mr Chris Indermaur, who retires with effect from the end of the Annual General Meeting in accordance with rule 3.6 of the Company’s constitution and, being eligible, offers himself for re-election, be re-elected as a Director.’

Resolution 3 – Approval to issue securities under Performance Rights Plan

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

‘That for the purposes of Listing Rule 7.2 (exception 13) and for all other purposes, future issues of securities under the Performance Rights Plan, as described in the Explanatory Memorandum, be approved.’

Voting Exclusion Statement

The Company will disregard any votes cast in favour of this Resolution by or on behalf of any person who is eligible to participate in the Performance Rights Plan or any associates (as defined in the Listing Rules) of those persons.

However, the Company need not disregard a vote cast in favour of this Resolution by:

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

Resolution 4 – Issue of Options to Mr David Singleton

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

‘That for the purposes of Listing Rule 10.14, Chapter 2E of the Corporations Act, Part 2D.2 (including sections 200B and 200E) of the Corporations Act, Listing Rule 10.19, and for all other purposes, approval be given for:

- (a) *the issue of up to 42,900,000 Options under the Option Plan to Mr David Singleton, or his nominee; and*
- (b) *the provision of benefits to Mr Singleton or his nominee under the Option Plan and the Options in connection with a loss of position or office,*

on the terms set out in the Explanatory Memorandum.’

Voting Exclusion Statement

The Company will disregard any votes cast in favour of this Resolution by or on behalf of any Director who is eligible to participate in the Option Plan (or their nominee) or any associates (as defined in the Listing Rules) of those persons.

However, the Company need not disregard a vote cast in favour of this Resolution by:

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

- (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
- (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

In addition, and in accordance with section 200E(2A) of the Corporations Act, a vote must not be cast on this Resolution (in any capacity) by or on behalf of Mr Singleton or his associates. However, a vote may be cast by such person if the vote is cast as a proxy appointed in writing that specifies how the proxy is to vote on the Resolution, and the vote is not cast on behalf of Mr Singleton or his associate.

Other Business

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

Determination of Shareholders' Right to Vote

The Company has determined that persons who are registered holders of Shares at 16.00 (AWST) on 24 November 2021 will be entitled to vote at the AGM.

Voting by Proxy

A Shareholder entitled to vote at the AGM may appoint a proxy. A proxy need not be a Shareholder.

A Shareholder entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

Sections 250BB and 250BC of the Corporations Act apply to voting by proxy. The effect of these sections is that if proxies vote, they must cast all directed proxies as directed, and any directed proxies that are not voted will automatically default to the chair of the Meeting, who must vote the proxies as directed.

Lodgement of proxy documents

The following addresses are specified for the purposes of receipt of completed Proxy Forms and any authorities under which Proxy Forms are signed (or certified copies of those authorities):

By Facsimile: (within Australia) 1800 783 447 (outside Australia) +61 3 9473 2555

By Post: Computershare Investor Services Pty Limited, GPO Box 242 Melbourne VIC 3001

Online: A proxy can be appointed electronically by visiting www.investorvote.com.au and following the instructions provided.

For Intermediary Online subscribers only (custodians) please visit www.intermediaryonline.com to submit your voting instructions.

To be effective, a Proxy Form and the power of attorney (if any) under which the Proxy Form is signed (or a certified copy of the power of attorney) must be received by the Company at least 48 hours before the commencement of the Meeting (that is, by 13.00 (AWST) on Wednesday, 24 November 2021).

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

Bodies corporate

A body corporate may appoint an individual as its representative to exercise all or any of the powers the body may exercise (either as a shareholder or as a proxy) at a meeting of a company's shareholders in accordance

with section 250D of the Corporations Act. The appointment may be a standing one. Unless the appointment states otherwise, the representative may exercise all of the powers that the appointing body could exercise at a meeting or in voting on a resolution. The form of appointment, including any authority under which it is signed, must be received by Computershare Investor Services by no later than the commencement of the Meeting, unless it has previously been given to the Company.

Voting Prohibition by Proxies (Remuneration of key management personnel)

To the extent required by section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on Resolutions 1, 3 or 4 if the person is either a member of the Company's key management personnel or a closely related party of such a member and the appointment does not specify the way the proxy is to vote on the relevant Resolution. However, the proxy may vote if the proxy is the chair of the meeting and the appointment expressly authorises the chair of the meeting to exercise the proxy even if the Resolutions are connected directly or indirectly with the remuneration of a member of key management personnel.

If the chair of the meeting is appointed as your proxy and you have not specified the way the chair of the meeting is to vote on Resolutions 1, 3 or 4, by signing and returning the Proxy Form (including via an online facility), you are considered to have provided the chair of the meeting with an express authorisation for the chair of the meeting to vote the proxy in accordance with the chair of the meeting's intention, even though the Resolutions are connected directly or indirectly with the remuneration of a member of key management personnel.

Dated: 20 September 2021

By order of the Board



**Katina Nadebaum
Company Secretary**

Explanatory Memorandum

This Explanatory Memorandum has been prepared to assist Shareholders with their consideration of the Resolutions to be put to the Annual General Meeting to be held at 13.00 (AWST) on Friday, 26 November 2021 at Level 18 Alluvion 58 Mounts Bay Road, Perth, WA 6000.

The Explanatory Memorandum should be read with, and forms part of, the accompanying Notice of Annual General Meeting.

1. Glossary

The following terms and abbreviations used in this Explanatory Memorandum (and the Notice of Meeting to which it forms a part of), have the following meanings:

AGM or Meeting	The annual general meeting of the Company notified to Shareholders by this Notice of Meeting
Annual Report	The annual report for the Company for the year ended 30 June 2021
ASX	ASX Limited (ACN 008 624 691) and where the context requires, means the Australian Securities Exchange operated by ASX Limited
ASX Listing Rules or Listing Rules	The official Listing Rules of the ASX, as amended from time to time
Board	The board of Directors of the Company
Company or Austin	Austin Engineering Limited (ACN 078 480 136)
Company's Constitution or Constitution	The constitution of Austin
Corporations Act	The Corporations Act 2001 (Cth) as amended from time to time
Director	A director of the Company
Explanatory Memorandum	The explanatory memorandum which forms a part of the Notice of Meeting
Notice of Meeting or Notice	This notice of meeting incorporating the Explanatory Memorandum
Option	An option granted pursuant to the Option Plan to acquire one Share upon and subject to the terms of the Option Plan and the terms of the relevant offer document
Option Plan	The Austin Engineering Limited Incentive Option Plan, the terms of which are summarised in Annexure D
Participant	Has the meaning given in Annexure D
Performance Condition	A condition based on performance or other criteria which must be satisfied, or circumstances which must exist, before an Option vests under the rules of the Option Plan. The Performance Conditions for the Options the subject of Resolution 4 are described in Annexure B
Performance Rights Plan	The Austin Engineering Limited Performance Rights Plan, the terms of which are summarised in Annexure A
Remuneration Report	The remuneration report of the Company contained in the Directors' report for the year ended 30 June 2021

Resolution	A resolution contained in the Notice of Meeting to which this Explanatory Memorandum relates
Retention Condition	Has the meaning given in Annexure B (in respect of the Options the subject of Resolution 4)
Shareholder	A person registered as the holder of Shares in the register of members of the Company
Shares	Fully paid ordinary shares in the Company
Total and Permanent Disablement	Has the meaning given in Annexure D

2. Financial Statements and Reports

The Corporations Act and the Company's Constitution require that:

- the reports of the Directors and the Company's auditors; and
- the annual financial report, including the financial statements of the Company for the year ended 30 June 2021,

be laid before the AGM. Neither the Corporations Act nor the Constitution requires a vote of Shareholders on the reports or statements. However, at the AGM Shareholders will be given ample opportunity to raise questions or comments on the management of the Company.

A reasonable opportunity will also be given to members as a whole at the AGM to ask the Company's auditor questions relevant to the conduct of the audit, the preparation and content of the auditor's report, the accounting policies adopted by the Company in relation to the preparation of the financial statements and the independence of the auditor in relation to the conduct of the audit.

Questions may also be submitted by Shareholders in advance of the Meeting by sending an email to the Company Secretary at Katinan@austineng.com.au by 13.00 (AWST) on 23 November 2021. It may not be possible to respond to all questions asked at the Meeting or submitted in advance of the Meeting, but the Company will do its best to address your concerns.

3. Resolution 1 – Adoption of the Remuneration Report

The Remuneration Report is set out on pages 29 to 37 of the Company's 2021 Annual Report.

Section 250R(2) of the Corporations Act requires that a resolution that the remuneration report be adopted be put to the vote at the Company's AGM. While the vote on this Resolution is advisory only and does not bind the Directors or the Company, the Board will take into consideration the outcome of this Resolution when assessing the remuneration policy for Non-Executive Directors and executives in the future.

In accordance with Division 9 of Part 2G.2 of the Corporations Act, if 25% or more of the votes cast are voted against the adoption of the Remuneration Report at two consecutive AGMs, Shareholders will be required to vote at the second of those AGMs on a resolution (spill resolution) that another meeting be held within 90 days at which all of the Company's Directors (not including the Managing Director) must stand for re-election.

At the Company's last AGM, the votes cast against the Remuneration Report represented less than 25% of the total votes cast. A spill resolution will therefore not be required at this AGM.

Key management personnel details of whose remuneration are included in the Remuneration Report, and their closely related parties, are prohibited from voting on Resolution 1, except in the circumstances described in the voting exclusion statement set out in the Notice.

A reasonable opportunity will be provided for Shareholders to ask questions about the Remuneration Report at the Meeting.

The Board recommends that Shareholders vote in favour of the adoption of the Remuneration Report.

4. Resolution 2 – Re-election of Mr Chris Indermaur as a Non-executive Director

Mr Indermaur will retire at the Meeting under the director rotation provisions of rule 3.6(c) of the Company's Constitution and, being eligible, offers himself for re-election as a Director.

Mr Indermaur joined the Board as a Non-Executive Director in July 2016. Mr Indermaur has over 30 years of experience in large Australian companies in engineering and commercial roles. He is currently a Non-Executive Director of Austal Limited. Mr Indermaur was formerly the Engineering and Contracts Manager for the QNI Nickel Refinery at Yabulu, Company Secretary for QAL, General Manager for Strategy and Development at Alinta Limited, and a Director of Centrex Metals Ltd.

Mr Indermaur holds a Bachelor of Engineering (Mechanical) and a Graduate Diploma of Engineering (Chemical) from the West Australian Institute of Technology (now Curtin University). He also holds a Bachelor of Laws and a Master of Laws from the Queensland University of Technology and a Graduate Diploma in Legal Practice from the Australian National University.

As at the date of this Notice, Mr Indermaur has been a Director of the Company for approximately five years and three months. Mr Indermaur is currently the Chair of the Nomination and Remuneration Committee, Chair of the Safety Committee and a member of the Board's Audit & Risk Committee.

After appropriate consideration, and taking into account his past performance and contributions to the Company, and the current and future needs of the Company, the Board (excluding Mr Indermaur) unanimously resolved that Mr Indermaur's distinct set of skills and experience, including his extensive experience in the resources sector, is of obvious and ongoing benefit to the Board. The Board also considered that Mr Indermaur's independence has not been impaired during his tenure and that he is therefore considered to be an independent Director.

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

5. Resolution 3 – Approval to issue securities under Performance Rights Plan

The Performance Rights Plan was last approved by Shareholders at the Company's annual general meeting held on 23 November 2018. Resolution 3 seeks to refresh Shareholder approval for issues of securities under the Performance Rights Plan for the purposes of the Listing Rules.

The main purpose of the Performance Rights Plan is to incentivise Executive Directors and other senior executives to provide (and reward them for providing) dedicated and ongoing commitment and effort to the Company, and to align the interests of those executives with Shareholders in order to increase Shareholder value. The Board considers that the ability to issue Performance Rights as incentives to Executive Directors and other senior executives enables those executives to share in the future growth and profitability of the Company and provides a necessary mechanism to attract, retain and motivate personnel to achieve the Company's goals.

Non-executive Directors are not eligible to participate in the Performance Rights Plan.

Key terms of the Performance Rights Plan are summarised in **Annexure A**.

Remuneration Policy

The performance of the Company depends upon the quality of its executives and Executive Directors. Their compensation structure is designed to strike an appropriate balance between fixed and variable remuneration, rewarding capability and experience and providing recognition for contribution to the Company's overall goals and objectives.

In deciding the remuneration and incentives of senior executives, the Board considers there should be an appropriate mix of remuneration comprising cash and securities to link remuneration to the financial performance of the Company, and to align these rewards with Shareholder returns.

Equity-based incentives consistent with the Company's remuneration policy align the performance of Executive Directors with the Company's financial performance. The Board also believe that an equity-based remuneration component helps to attract and retain the best executives.

The Directors consider the Company's remuneration policy to be a sensible and well-balanced policy that allows them to adjust the remuneration mix appropriately to the Company's changing circumstances.

The Performance Rights Plan is used as the vehicle for the Company's remuneration policy.

What is a Performance Right?

A Performance Right is a contractual right awarded to a senior executive to receive the value of a specific number of Shares which is contingent upon the achievement of particular indicators. Upon the achievement of those indicators, a certain number of (or all) Performance Rights vest. The Performance Rights are an entitlement to the value of Shares which may be satisfied either in cash and/or Shares. Generally it is expected that vested Performance Rights will be satisfied in Shares. If satisfied in Shares, that senior executive is entitled to receive one Share for every vested Performance Right.

The number of Performance Rights issued to any person in any given year represents the maximum number of Shares that they could be entitled to receive if the maximum benchmarked indicators are met. To the extent such indicators are not met, a fewer number (and possibly zero) Performance Rights will vest.

Listing Rule 7.1 and Listing Rule 7.2, Exception 13

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the number 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.

Exception 13 of Listing Rule 7.2 excludes securities (including performance rights) issued under an employee incentive scheme from counting towards the 15% placement capacity under Listing Rule 7.1 where shareholders have approved the issue of securities under that scheme. Since any shareholder approval obtained for this purpose is valid for three years, the Listing Rule approval obtained at the 2018 annual general meeting will expire in November this year.

Resolution 3 seeks to refresh Shareholder approval for the issue of securities under (and on the terms of) the Performance Rights Plan for the next three years. This will allow the Company to retain the ability to manage its capital requirements efficiently by ensuring that the 15% limit is not reduced by issues of Performance Rights under the Performance Rights Plan. The Board believes that this will provide the Company with additional flexibility to raise capital as and when appropriate.

If Shareholder approval is not obtained, any issues of securities under the Performance Rights Plan would reduce the Company's 15% placement capacity under Listing Rule 7.1.

It is important to note that Resolution 3 does not of itself authorise the issue of Performance Rights to Directors. Any such issue would need to be specifically approved under Listing Rule 10.14.

If Shareholders approve Resolution 3, that approval will cease to apply if there is a material change to the terms of the Performance Rights Plan from those set out in this Notice.

Information required by Listing Rule 7.2, Exception 13(b)

The following information is provided in accordance with Listing Rule 7.2, Exception 13(b) in relation to the Performance Rights Plan:

- (a) A summary of the material terms of the Performance Rights Plan is set out in Annexure A.
- (b) Since the Performance Rights Plan was last approved by Shareholders at the annual general meeting held on 23 November 2018, a total of 33,859,994 Performance Rights have been issued under the Performance Rights Plan.
- (c) Following approval of Resolution 3 and subject to the Listing Rules, the maximum number of securities proposed to be issued within the next three years under the Performance Rights Plan is 20,000,000 Performance Rights, representing 3% of the undiluted Shares in the Company as at 19 October 2021.

The maximum number stated above is not intended to be a prediction of the actual number of securities that may be issued under the Performance Rights Plan – it is simply a ceiling for the purposes of Listing Rule 7.2, Exception 13(b). The total number of Performance Rights ultimately issued under the Performance Rights Plan within the next three years may be less than the maximum number stated above or may be more than the maximum number stated above (in which case the excess will count towards the Company's 15% placement capacity under Listing Rule 7.1).

The actual number of Performance Rights that will be issued will be determined by the Board in accordance with the Company's remuneration policy from time to time.

- (d) A voting exclusion statement in respect of Resolution 3 is set out in the Notice.

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

Resolution 4 – Issue of Options to Mr David Singleton

Background

On 14 July 2021, the Company appointed Mr David Singleton as the Chief Executive Officer and Managing Director of the Company. As announced to ASX at the time, the Company agreed that Mr Singleton would be remunerated with a package heavily weighted towards growing the Company's Share price, ensuring alignment with Shareholders. The total value of his package was benchmarked by Korn Ferry, a globally recognised remuneration consultant. Mr Singleton's base pay has been set at less than half that of his predecessor with the remainder of his package to take the form of Options, which were valued by a large global accounting firm.

To facilitate this remuneration arrangement, the Board has adopted an Option Plan for the purposes of incentivising, attracting, motivating and retaining Company personnel.

Consistent with the ASX announcement of 14 July 2021, the Company is now proposing to issue 42,900,000 Options to Mr Singleton (or his nominee) under the Option Plan (**Proposed Issue**) as a key component of his remuneration package and as a long-term incentive to perform in his role as Chief Executive Officer and Managing Director of the Company.

A summary of the material terms of the Options is set out in **Annexure B**, a summary of the valuation of the Options is set out in **Annexure C**, and a summary of the terms of the Option Plan is set out in **Annexure D**.

Listing Rule 10.14

Listing Rule 10.14 provides that a listed company must not permit a director (or certain other persons) to acquire equity securities under an employee incentive scheme unless it obtains the approval of its shareholders.

The Proposed Issue falls within Listing Rule 10.14 and therefore requires Shareholder approval. Resolution 4 seeks the required Shareholder approval to the Proposed Issue for the purposes of Listing Rule 10.14, and for the purposes of Chapter 2E of the Corporations Act, Chapter 2D.2 of the Corporations Act and Listing Rule 10.19 (see below).

If Resolution 4 is passed, the Company will be able to proceed with the Proposed Issue and issue 42,900,000 Options to Mr Singleton or his nominee.

If Resolution 4 is not passed, the Company will not be able to proceed with the Proposed Issue. As agreed with Mr Singleton (and announced to ASX 14 July 2021), if Resolution 4 is not passed, Mr Singleton's remuneration will revert to an arrangement whereby he receives a daily rate of \$4,000 (inclusive of superannuation), backdated to 14 July 2021 in lieu of his proposed remuneration package.

Financial benefit – Chapter 2E of the Corporations Act

The Proposed Issue will constitute the giving of a financial benefit to a related party for the purposes of Part 2E.1 of the Corporations Act.

Section 208(1) of the Corporations Act states that for a public company to give a financial benefit to a related party of the public company (which includes a director):

- (a) the public company must: (i) obtain the approval of the public company's shareholders; and (ii) give the benefit within 15 months after the approval; or
- (b) the giving of the benefit must fall within an exception set out in sections 210 to 216.

While the Company considers that the reasonable remuneration exception to the requirement for Shareholder approval contained in section 211 of the Corporations Act may apply, the Directors consider that it is prudent and in the interests of good governance to seek Shareholder approval for the purposes of section 208 of the Corporations Act.

Information required by Listing Rule 10.15

The following information is provided in accordance with ASX Listing Rule 10.15 which sets out the information that must be provided to Shareholders in order to obtain Shareholder approval under ASX Listing Rule 10.14:

- (a) The person to be issued Options under the Option Plan is Mr David Singleton or his nominee. Mr Singleton is the Chief Executive Officer and Managing Director of the Company.
- (b) Mr Singleton falls within Listing Rule 10.14.1 as he is a Director of the Company. His nominee (if applicable) would fall within Listing Rule 10.14.2, as his associate.
- (c) The maximum number of Options that will be issued to Mr Singleton or his nominee is 42,900,000 Options (exercisable into 42,900,000 Shares upon payment of the exercise price). Note that this is a maximum and:
 - (i) all Options are subject to Performance Conditions, and they may not all vest if those conditions are not satisfied; and
 - (ii) under the terms of the Option Plan, the Options may be exercised by way of "cashless exercise" (which would result in the issue of a lower number of Shares, but would not require Mr Singleton to pay the exercise price) or settled in whole or in part in cash instead of Shares.
- (d) A summary of the material terms of the Options is set out at **Annexure B**, and a summary of the material terms of the Option Plan is set out in **Annexure D**.
- (e) As announced to ASX on 14 July 2021, the current total remuneration package of Mr Singleton is:
 - (i) \$250,000 per annum (inclusive of superannuation, fixed for a three year period); and
 - (ii) the Proposed Issue of Options.

As agreed with Mr Singleton, and announced to ASX 14 July 2021, if Resolution 4 is not passed, Mr Singleton's remuneration will revert to an arrangement whereby he receives a daily rate of \$4,000 (inclusive of superannuation), backdated to 14 July 2021 in lieu of the remuneration package described above.

- (f) Mr Singleton has not previously been issued any Options under the Option Plan.
- (g) The Options are being used to provide cost effective remuneration for Mr Singleton and as an incentive, alignment and retention tool. Issuing these Options also allows the Company to conserve its cash reserves as best possible (allowing the Company to offer Mr Singleton a base pay which is less than half that of his predecessor), whilst retaining the services of a highly qualified and experienced executive.
- (h) The total value of Mr Singleton's remuneration package (as benchmarked by Korn Ferry, a globally recognised remuneration consultant) was set by the Board at \$752,500 per annum (or, a total of \$2,257,500 over three years). Mr Singleton was willing to accept a low base cash component of \$250,000 per annum, fixed for three years (or a total of \$750,000 over that three year period) with the balance of the remuneration package (being an amount equivalent to \$1,507,500) to take the form of Options. This allowed the remuneration package to strongly align Mr Singleton's interests with those of Shareholders in growing the value of the Company (and the Share price). At the time of finalising this arrangement, the Share price was \$0.14 and the Company calculated the indicative value of the Options being offered to Mr Singleton to be \$1,507,200 (determined in the manner, and based on the assumptions, set out in part 1 of **Annexure C**).

Since Mr Singleton's appointment, the Share price has risen strongly and, as a result, the indicative value of the Options has also increased (in line with a general rise in Shareholder value). For the purposes of preparing this Notice, the Company has reassessed the indicative value of the Options as at 31 August 2021 to be \$3,574,000 (determined in the manner, and based on the assumptions, set out in part 2 of **Annexure C**).

- (i) It is proposed that the Options will be issued as soon as practicable (and in any event within 3 years) after the Meeting.
- (j) The Options will be issued to Mr Singleton (or his nominee) for nil cash consideration (in line with the terms of the Option Plan), as part of his remuneration package.
- (k) No loans will be provided in relation to the acquisition of the Options or to fund any exercise of the Options.
- (l) Details of any Options issued under the Option Plan will be published in the annual report of the Company relating to the period in which they were issued, along with a statement that approval for the issue was obtained under Listing Rule 10.14.
- (m) Any additional persons covered by Listing Rule 10.14 who become entitled to participate in an issue of Options under the Option Plan after the resolution is approved at the Meeting and who were not named in the Notice will not participate until approval is obtained under that rule.
- (n) A voting exclusion in respect of Resolution 4 is set out in the Notice of Meeting.

If approval is given under Listing Rule 10.14, approval is not required under Listing Rule 7.1.

Information required for the purposes of Chapter 2E of the Corporations Act

Section 219 of the Corporations Act sets out the information that must be provided to Shareholders in order to obtain Shareholder approval under section 208(1). The following information is provided in accordance with section 219 of the Corporations Act and the corresponding ASIC policy:

- (a) Subject to Resolution 4 being passed, the financial benefit would be given to Mr David Singleton, the Chief Executive Officer and Managing Director of the Company, or his nominee.

- (b) The nature of the financial benefit is the Proposed Issue of 42,900,000 Options to Mr Singleton (or his nominee) for nil cash consideration under the Option Plan. The exercise price of the Options will be \$0.13 per Option. Any funds raised upon exercise of the Options will be used by the Company for working capital purposes. Note that under the terms of the Option Plan, Options can be exercised by way of “cashless exercise” or can be cash settled (both of which would reduce the funds received by the Company but also result in fewer Shares being issued).
- (c) A summary of the material terms of the Options is set out in **Annexure B**, and a summary of the material terms of the Option Plan is set out in **Annexure D**.
- (d) Information about the indicative total value of the Options is set out at paragraph (h) above under the heading ‘Information required by Listing Rule 10.15’.
- (e) The number of Options to be issued was determined by the Board following advice from its Nomination and Remuneration Committee. The total value of Mr Singleton’s remuneration package was benchmarked by Korn Ferry, a globally recognised remuneration consultant and the value of the Options was valued by a large global accounting firm. In determining his remuneration package, the Board took into consideration Mr Singleton’s experience, expected performance, and current market conditions. The use of Options allowed the Company to propose a remuneration package heavily weighted towards growing the Company’s Share price and therefore to reduce the base pay component. The maximum number of Options that will be issued to Mr Singleton (or his nominee) is 42,900,000 Options (exercisable into 42,900,000 Shares). Note that this is a maximum and:
 - (i) all Options are subject to Performance Conditions, and they may not all vest if those conditions are not satisfied; and
 - (ii) under the terms of the Option Plan, the Options may be exercised by way of “cashless exercise” (which would result in the issue of a lower number of Shares, but would not require Mr Singleton to pay the exercise price) or settled in whole or in part in cash instead of Shares.
- (f) The primary purpose of the issue of Options to Mr Singleton (or his nominee) under the Option Plan is to provide a competitive remuneration package to Mr Singleton and to motivate and reward the expected performance of Mr Singleton in his role as Chief Executive Officer and Managing Director of the Company. The use of Options has allowed the remuneration package offered to Mr Singleton to be heavily weighted towards growing the Company’s Share price (ensuring alignment with the Company’s Shareholders, and lowering the base pay component of his package).
- (g) Information about Mr Singleton’s current remuneration package is set out in paragraph (e) above under the heading ‘Information required by Listing Rule 10.15’.
- (h) Mr Singleton held or had interests in 133,485 Shares as at the date of this Notice.
- (i) Mr Singleton’s Options may vest into a maximum of 42,900,000 Shares if all Performance Conditions are satisfied. This will increase the number of Shares on issue from 580,074,317 to 622,974,317 (assuming no other convertible securities are exercised and no other Shares are issued) with the effect that the shareholding of existing Shareholders would be diluted by an aggregate of 7.4%. However, as noted at paragraph (e) above, exercise of the Options may result in the issue of fewer Shares in certain circumstances.
- (j) Other than as set out in this Notice, the Board does not consider that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Options to Mr Singleton on the terms proposed. Rather, the use of Options has allowed the Company to structure a competitive remuneration package (that is weighted towards growing the Share price) and lower the base pay it would otherwise be required to offer.
- (k) The Directors do not make any recommendation to Shareholders in respect of Resolution 4 since this Resolution concerns a Director’s remuneration.
- (l) Mr Singleton has a material personal interest in the outcome of Resolution 4 since he (or his nominee) will receive Options under the Option Plan if the Resolution is approved by Shareholders (and therefore

did not vote on this matter at the Board meeting that approved the proposed issue of Options to him). The other Directors do not have an interest in the outcome of Resolution 4.

- (m) A voting exclusion statement in respect of Resolution 4 is set out in the Notice.
- (n) The Board and the Company are not aware of any other information (other than the information set out or referred to in this Explanatory Memorandum and in the Remuneration Report) that would be reasonably required by Shareholders to allow them to make a decision as to whether it is in the best interests of the Company to pass this Resolution.

Termination benefit – Part 2D.2 of the Corporations Act and Listing Rule 10.19

In general terms, Part 2D.2 of the Corporations Act prohibits payment by the Company of certain benefits (exceeding 12 months' average base salary) to a director (or any employee holding a managerial or executive office) on retirement or cessation of office or employment, unless a specific statutory exemption applies, or the payment of the benefit is approved by Shareholders.

Description of the potential termination benefit

As described in **Annexure B**, the exercise of the Options is generally subject to the satisfaction of two Performance Conditions (being the Retention Condition (to encourage Mr Singleton's retention) and the Share Price Condition (to drive Company performance)). As further described in **Annexure B**, the Board has agreed that (unless it otherwise determines at the time) the Retention Condition will cease to apply to any Options still held if Mr Singleton's employment ceases as a result of Total and Permanent Disablement, death or ill health (but only on a pro-rata basis, having regard to the portion of the period between 14 July 2021 and 30 June 2024 actually worked by Mr Singleton). The Performance Condition would, however, continue to apply to the relevant Options in these circumstances.

In addition to this, the Option Plan gives the Board a general discretion to determine that an Option (that would otherwise lapse after cessation of employment) will not lapse if the Participant has ceased to be employed as a result of:

- (a) Total and Permanent Disablement, ill health, death, economic necessity or any other factor not attributable to the conduct or performance of that person; or
- (b) retirement under circumstances that are not related to the conduct or performance of that person, in which case the Option will remain exercisable by the Participant (or, where applicable, the Participant's executor, administrator or legal personal representative) until the date determined by the Board or until the Option otherwise lapses in accordance with the Option Plan.

The Board has formed the view that the potential relaxation of the Retention Condition in respect of Mr Singleton's Options (described above), and the potential exercise of the Board's general discretion under the Option Plan (to determine that an Option held by Mr Singleton or his nominee will not lapse) may constitute a benefit in connection with Mr Singleton's retirement from office under section 200B of the Corporations Act. The Company is therefore seeking Shareholder approval in connection with these potential benefits under the Options and the Option Plan.

Generally speaking, any termination benefit that may be received will consist of the vesting of relevant Options, or Options that would otherwise lapse not lapsing, following termination of employment or engagement with the Company.

In general terms, the maximum value of such a benefit will be the market price of the Shares received (or a cash equivalent where the Options are cash settled) upon exercise of the relevant number of vested Options.

The value of such a benefit cannot be determined with any certainty in advance. This is because various matters, events and circumstances will or are likely to affect the calculation of the value, including:

- (a) the Company's Share price at the time of exercise of the relevant Options;
- (b) the status of any Performance Conditions that may continue to apply to those Options (and which must be satisfied before the Options are capable of exercise);

- (c) the number of unvested Options that Mr Singleton continues to hold at the time he ceases employment with or engagement by the Company;
- (d) the circumstances of, or reasons for, ceasing employment with the Company;
- (e) Mr Singleton's length of service with the Company and the Company's performance over that period of time; and
- (f) any other factors that the Board considers to be relevant when exercising any discretion.

The Company will calculate the value of any benefit at the relevant time based on the above factors. Notwithstanding this, the Directors consider that the value of the benefit that Mr Singleton may receive under the Option Plan and Options (in connection with retirement or cessation of office or employment) could potentially exceed 12 months' average base salary of Mr Singleton.

Shareholder approval sought

Shareholder approval is being sought for the purposes of sections 200B and 200E of the Corporations Act, for any 'termination benefit' that may be provided to Mr Singleton under the Option Plan (or the Options) in connection with retirement or cessation of office or employment (other than payments or amounts which are excluded from the operation of section 200B, such as statutory entitlements to accrued annual leave and long service leave, amounts required to be paid by law and amounts falling within the 12 months average base salary limit).

The amount and value of the benefit for which the Company is seeking approval is the maximum benefit that could be provided under the terms of the Options and the Option Plan.

As agreed with Mr Singleton, and announced to ASX 14 July 2021, if Resolution 4 is not passed, Mr Singleton's remuneration will revert to an arrangement whereby he receives a daily rate of \$4,000 (inclusive of superannuation), backdated to 14 July 2021 in lieu of his currently proposed remuneration package.

Listing Rule 10.19

Listing Rule 10.19 provides that without shareholder approval, an entity must ensure that no officer of the entity or any of its child entities will be, or may be, entitled to termination benefits if the value of those benefits and the termination benefits that are or may become payable to all officers together exceed 5% of the equity interests of the entity as set out in the latest accounts given to ASX under the Listing Rules.

Depending upon the value of any termination benefit that may be received by Mr Singleton or his nominee (see above), and the equity interests of the Company at the time such benefits may crystallise, it is uncertain if such 'payment' would exceed this 5% threshold. The relevant termination benefit in this context is the potential vesting, or non-lapse, of Options following termination of employment or engagement with the Company in the circumstances described above. Accordingly, Shareholder approval is being sought (in order to give the Company maximum flexibility) in case the value of the termination benefit exceeds this 5% threshold.

Shareholders should note that if Resolution 4 is passed, this does not guarantee that Mr Singleton will necessarily receive any termination benefit. Other than with respect to the waiver of the Retention Condition (in the circumstances described above - as a result of Total and Permanent Disablement, death or ill health and subject to the ongoing satisfaction of the Performance Condition) any decision to determine that an Option that would otherwise lapse (upon cessation of employment) will not lapse will be within the discretion of the Board. In exercising such discretion the Board will be conscious of the need to strike an appropriate balance between ensuring the fair treatment of executives and avoiding excessive generosity. Any relevant Performance Conditions will also continue to apply to any Options that have not yet vested (whether or not it is determined that they will not lapse).

The Board does not make any recommendation to Shareholders in respect of Resolution 4.

Annexure A – Summary of key features of the Performance Rights Plan

Feature	Details
Instrument	The Performance Rights Plan uses Performance Rights which are entitlements to the value of Shares which may be satisfied either in cash and/or in Shares. Generally it is expected that vested Performance Rights will be satisfied in Shares. The price to exercise the Performance Rights is at the discretion of the Board (and may be nil), however vesting is performance tested. The value that will be realised is then a function of performance against indicators (Vesting Conditions) and the Share price at the time of vesting.
Eligibility	Selected full or part-time employees (including a Director employed in an executive capacity) as nominated by the Board are eligible to participate.
Terms & Conditions	<p>The Board has the discretion to set the terms and conditions on which it will offer Performance Rights under the Performance Rights Plan, including the Vesting Conditions and modification of the terms and conditions as appropriate to ensuring the plan operates as intended.</p> <p>All Performance Rights will be subject to Vesting Conditions. The conditions are intended to be challenging and linked to growth in shareholder value. The terms and conditions of the Performance Rights Plan include those aspects legally required as well as a method for calculating the appropriate number to vest in the circumstances of a change of control and the treatment of Performance Rights in the circumstances of various forms of termination.</p>
Number of Rights	The number of Performance Rights offered to a participant is at the discretion of the Board.
Vesting	Performance Rights vest based on the Company's performance. Upon the satisfaction of the Vesting Conditions, the value of Performance Rights that vest will be evaluated and will either be paid in cash, converted into Shares based on the then Share price, or a combination of cash and Shares. The Board may determine that an amount is payable by a participant to acquire a Share upon exercise of a Performance Right.
Performance Period	The performance period is determined by the Board as part of the relevant invitation.
Vesting Conditions	Vesting Conditions are to be determined by the Board as part of each invitation to participants, however the conditions selected are intended to create alignment with the experiences and expectations of shareholders over the performance periods. Vesting conditions will be performance relative to a scale of outcomes determined by the board for the relevant participant.
Exercise Price	The Board may determine that an amount is payable by a participant to acquire a Share upon exercise of a Performance Right. If no determination is made, the exercise price is zero.
Cessation of Employment	<p>The Performance Rights Plan contains provisions concerning the treatment of vested and unvested Performance Rights in the event that a participant ceases employment (ie becomes a leaver).</p> <p>Where a participant becomes a leaver, other than due to special circumstances, their Performance Rights automatically lapse.</p>

	Where a participant becomes a leaver due to special circumstances, the Board may determine that any or all of their Performance Rights will vest. If they make no determination within 6 months, the Performance Rights will automatically lapse.
Change of Control of the Company	Where a change of control has occurred, or the Board considers a change of control event will occur, Performance Rights granted will vest (at the Board's discretion) if performance is in line with the performance conditions attaching to those Performance Rights. Any Performance Right which does not vest will automatically lapse unless the Board determines otherwise.
Issue of Shares or cash settlement	After a valid exercise of a Performance Right the Company will issue, allocate or acquire on market the relevant number of Shares and/or pay a cash amount to the participant. The method is at the Board's discretion. If Performance Rights are cash settled, the payment will be the cash equivalent of the value of the Shares which would otherwise have been granted. Unless the Board determines otherwise, the payment will be minus the funds required to be withheld for tax or superannuation and/or to pay the exercise price (if any).
Voting and Dividend Rights	Performance Rights do not carry voting or dividend entitlements. Shares issued when Performance Rights vest carry all entitlements of Shares, including voting and dividend rights.
Transfer of Rights	Performance Rights may only be transferred with the prior written consent of the Board. Performance Rights which are otherwise sold, transferred, mortgaged, charged or otherwise dealt with or encumbered (except by force of law) without this consent, will immediately lapse.
Quotation	Performance Rights will not be quoted on the ASX. The Company will apply for quotation of any Shares issued upon the vesting of Performance Rights in accordance with the Listing Rules.
Variation of Terms and Conditions	To the extent permitted by the Listing Rules, the Board retains the discretion to vary the terms and conditions of the Performance Rights Plan.
Cost and Administration	The Company will pay all costs of issuing and acquiring Shares for the purposes of satisfying exercised Performance Rights, as well as any brokerage on acquisitions of Shares for this purpose and all costs of administering the Performance Rights Plan.
Lapse and Forfeiture of Performance Rights	Performance Rights will lapse if the prescribed Vesting Conditions are not satisfied within the prescribed performance period.

Annexure B – Material terms of Options

Material terms of the Options

- (a) A total of 42,900,000 Options will be issued.
- (b) Each Option will have an exercise price of \$0.13 and an expiry date of 3 years after the date of issue.
- (c) The Options will be divided into nine tranches as set out in the table below, and are subject to two separately considered Performance Conditions. Both of these Performance Conditions must be satisfied in respect of a tranche of Options before Options in that particular tranche will vest (and become capable of exercise). The applicable Performance Conditions are as follows:
- (i) **Retention Condition:** in order to encourage retention, Mr Singleton must remain in the employ of the Company, and must not have resigned or been given notice of termination, on the relevant Retention Date (set out in the table below) for each tranche of Options; and
 - (ii) **Share Price Condition:** in order to encourage performance, the Company's 60-day volume weighted average price must meet or exceed the relevant Share Price Hurdle (as set out in the table below) relating to the relevant tranche of Options. In relation to all nine tranches of Options, the Share Price Hurdle can be met at any point between 14 July 2021 and 30 June 2024. Provided the relevant Share Price Hurdle has been met at any point during this period, this vesting condition will be satisfied in respect of the relevant tranche.

		Share Price Hurdle			Total
		20 cents	24 cents	28 cents	
Retention Dates	30 June 2022	(Tranche 1) 4,400,000	(Tranche 2) 4,600,000	(Tranche 3) 5,300,000	14,300,000
	30 June 2023	(Tranche 4) 4,400,000	(Tranche 5) 4,600,000	(Tranche 6) 5,300,000	14,300,000
	30 June 2024	(Tranche 7) 4,400,000	(Tranche 8) 4,600,000	(Tranche 9) 5,300,000	14,300,000
	Total	13,200,000	13,800,000	15,900,000	42,900,000

- (d) Once Options become capable of exercise, they can be exercised by Mr Singleton in the traditional manner (i.e. by paying the exercise price in cash) or by way of "cashless exercise" (as described in paragraph (l) of **Annexure D** below). The Company also has the right, in its absolute discretion, to elect to "cash settle" some or all of the Options exercised by Mr Singleton.

Special Conditions:

The Board has determined to issue the Options on, and subject to the following special conditions:

- (a) **Total and permanent disablement:** unless the Board otherwise determines, the Retention Condition set out above will cease to apply in respect of Options held by Mr Singleton if Mr Singleton's employment with the Company ceases as a result of Mr Singleton's:
- (i) Total and Permanent Disablement;
 - (ii) death; or
 - (iii) ill health,

on a pro-rata basis having regard to the portion of the period (between 14 July 2021 and 30 June 2024) actually worked up to the date of the event specified above.

- (b) **Change of control:** unless the Board otherwise determines, the Retention Condition set out above will cease to apply in respect of all Options held by Mr Singleton if a change in control event (as described in paragraph (n) of **Annexure D** below) occurs.

Annexure C – Value of the Options

Part 1 - Valuation as at 30 June 2021

Using the Monte Carlo option pricing model and on the basis of the assumptions set out below, the Company determined the value of the financial benefit to be provided to Mr David Singleton pursuant to Resolution 4 to be \$1,507,200 as at 30 June 2021 (in contemplation of the offer of employment to Mr Singleton). This was confirmed by a valuation conducted by a large global accounting firm.

Note: The valuation noted above is not necessarily the market price that the unlisted Options could be traded at and is not automatically the market price for taxation purposes.

The Monte Carlo option pricing model inputs for the calculation of the valuation include:

(i) Issue Price:	Options are to be granted for no cash consideration.
(ii) Exercise Price:	\$0.13 per Option
(iii) Expiry Date:	3 years from the date of issue
(iv) Grant Date:	The Company agreed to grant the Options to David Singleton on 14 July 2021 (being the date of Mr Singleton's appointment as Chief Executive Officer and Managing Director), subject to Shareholder approval. The Company proposes to issue the Options as soon as practicable following the Meeting provided that Resolution 4 has been approved by Shareholders. The valuation was performed as at 30 June 2021 based on market conditions in place at that time.
(v) Performance Conditions:	See Annexure B
(vi) Share price for valuation:	\$0.14 (being both: (a) the Share price at the valuation date, and; (b) the 7 day VWAP to 13 July 2021, the day prior to the offer of employment being accepted)
(vii) Expected Price Volatility:	47%
(viii) Expected Dividend Yield:	3%
(ix) Risk-Free Interest Rate:	0.10%
(x) Discount:	Nil

Part 2 - Valuation as at 31 August 2021

Using the Monte Carlo option pricing model and on the basis of the assumptions set out below, the Company determined the value of the financial benefit to be provided to Mr David Singleton pursuant to Resolution 4 to be \$3,574,000 as at 31 August 2021. This was confirmed by a valuation conducted by a large global accounting firm.

Note: The valuation noted above is not necessarily the market price that the unlisted Options could be traded at and is not automatically the market price for taxation purposes.

The Monte Carlo option pricing model inputs for the calculation of the valuation include:

(i) Issue Price:	Options are to be granted for no cash consideration.
(ii) Exercise Price:	\$0.13 per Option
(iii) Expiry Date:	3 years from the date of issue
(iv) Grant Date:	The Company agreed to grant the Options to David Singleton on 14 July 2021 (being the date of Mr Singleton's appointment as Chief Executive Officer and Managing Director), subject to Shareholder approval. The Company proposes to issue the Options as soon as practicable following the Meeting provided that Resolution 4 has been approved by Shareholders. The valuation was performed as at 31 August 2021 based on market conditions in place at that time.
(v) Performance Conditions:	See Annexure B
(vi) Share price for valuation:	\$0.206 (the 7 day VWAP to the valuation date)
(vii) Expected Price Volatility:	47%
(viii) Expected Dividend Yield:	2%
(ix) Risk-Free Interest Rate:	0.10%
(x) Discount:	Nil

Annexure D – Summary of the Option Plan

In this Annexure D, references to “Plan” mean references to the Option Plan.

The key terms of the Plan are as follows:

- (a) The Board may offer Options to Eligible Executives in the form of an “Offer Document”.
- (b) The Board may offer Options to Eligible Executives having regard to the seniority of the Eligible Executive and the position the Eligible Executive occupies in the Group, each Eligible Executive’s length of service with the Group, the record of employment of the Eligible Executive with the Group, the contribution the Eligible Executive has made to the Group, the potential contribution of the Eligible Executive to the Group and any other matters which the Board considers relevant.
- (c) No issue price is payable for the Options and the Offer Document will set out (among other things) the number of Options offered, the exercise price for an Option, the date the Options will expire, any vesting conditions or Performance Conditions applicable to the vesting or exercise of the Options, any variation to the rules of the Plan (or other special conditions) that the Board may wish to make or apply in respect of an offer and any other information required by law or the Listing Rules or considered by the Board to be relevant.
- (d) Upon receipt of an offer, an Eligible Executive may, by notice in writing to the Board, nominate a Nominee in whose favour the Eligible Executive wishes to renounce the offer. The Board may, in its discretion, resolve not to allow a renunciation of an offer in favour of a Nominee without giving any reason for that decision.
- (e) Subject to paragraph (f) below, Options subject to Performance Conditions will vest when (and to the extent) the Board determines that the Performance Conditions prescribed in the relevant Offer Document have been satisfied. Options that are not subject to Performance Conditions do not have any vesting criteria.
- (f) The Board may in its absolute discretion:
 - (i) increase or decrease the level of vesting irrespective of performance in relation to a Performance Condition if the Board forms the view in light of the circumstances that prevailed during the Measurement Period that either nil vesting or a different level of vesting would be more reasonable in the circumstances; and/or
 - (ii) vest some or all of a grant of Options prior to the end of the Measurement Period, if in the circumstances it considers it appropriate to do so.
- (g) Each Option will entitle a Participant (on exercise) to subscribe for and be issued one Share at the exercise price set out in the offer unless the Participant has chosen the cashless exercise option or the Company has determined to cash settle the Options.
- (h) Options may not be transferred.
- (i) Options will not be quoted on ASX.
- (j) Any Shares issued on exercise of Options will rank equally with all existing Shares on issue.
- (k) An Option is exercisable by the Participant lodging with the Company Secretary a notice of exercise, which must indicate whether the Participant wishes to exercise their Options in the traditional manner or by cashless exercise.
- (l) Where a Participant nominates cashless exercise then the Company will only issue such number of Shares as is equivalent to the number of Options being exercised multiplied by the excess of the Average Share Price over the exercise price, divided by the Average Share Price and then rounded down to a whole number.
- (m) Notwithstanding anything in the rules of the Plan, the Board may in its absolute discretion:
 - (i) determine from time to time that traditional or cashless exercise is not available; or
 - (ii) within 2 business days of receiving a notice of exercise, determine to:
 - (A) cash-settle some or all of the exercised Options; and/or

- (B) rather than issuing new Shares, acquire or procure the acquisition (by a trustee or otherwise) of an equivalent number of Shares on market in respect of some or all of the exercised Options and have those Shares transferred to the Participant.
- (n) The Board may determine (at any time) that some or all Options will vest (if applicable) and are or will become exercisable immediately if:
 - (i) an entity (which does not control the Company at the time the relevant Options were issued) makes a takeover bid in respect of Shares and both the bidder obtains Voting Power in the Company of more than 50% and the takeover offers are made or declared unconditional;
 - (ii) a transaction by way of compromise or arrangement under Part 5.1 of the Corporations Act is approved pursuant to which an entity (which does not control the Company at the time the relevant Options were issued) will obtain Voting Power in the Company of more than 50%; or
 - (iii) an event or transaction by which an entity (which does not control the Company at the time the relevant Options were issued) becomes or is to become the registered holder of more than 50% of the total issued Shares is approved or accepted by a majority of members of the Company.
- (o) An Option not exercised will lapse on the first to occur of:
 - (i) the expiry date of the Option as set out in the Offer Document;
 - (ii) a determination of the Board that there has been a failure to meet any Performance Condition or other vesting condition applicable to the Option within the Measurement Period or other specific period;
 - (iii) the expiry of 30 days, or any longer period which the Board determines, after the Participant ceases to be employed or engaged by any member of the Group for any reason, including death, Total and Permanent Disablement or retirement; and
 - (iv) a determination of the Board that the Participant has acted fraudulently, dishonestly or in breach of the Participant's obligations to the Company or any member of the Group and that the Option is to be forfeited.
- (p) The Board may, in its sole discretion, before an Option expires, determine that an Option will not lapse under the circumstances set out in paragraph (o) above if the Participant has ceased to be employed by any member of the Group as a result of:
 - (i) Total and Permanent Disablement, ill health, death, economic necessity or any other factor not attributable to the conduct or performance of that person; or
 - (ii) retirement under circumstances that are not related to the conduct or performance of that person,

in which case the Option will, subject to the Plan, remain exercisable by the Participant (or, where applicable, the Participant's executor, administrator or legal personal representative) until the date determined by the Board or until the Option otherwise lapses in accordance with the Plan.

- (q) Subject to paragraph (r) below, Options carry no right or entitlement to:
 - (i) a dividend, whether fixed or at the discretion of the Directors;
 - (ii) vote, except as otherwise required by law;
 - (iii) a return of capital, whether in a winding up, upon a reduction of capital or otherwise;
 - (iv) participate in the surplus profits or assets of the Company upon a winding up; or
 - (v) participate in new issues of securities such as bonus issues or entitlement issues,

unless and until the Option has been exercised, and a Share has been issued in respect of the Option before the date of the relevant event. If required by the Listing Rules, the Company must give notice to Participants of any new issue before the record date for determining entitlements to that issue of securities.

- (r) Prior to the issue of Shares to a Participant upon exercise of Options, the Board may make any adjustments it considers appropriate to the terms of an Option granted to that Participant in order to

minimise or eliminate any material advantage or disadvantage to a Participant resulting from a corporate action such as a capital raising or capital reconstruction.

- (s) The Board may stipulate in an Offer Document (or elsewhere) that Options may only be exercised if specific Performance Conditions are met, or the Company (or a business division) achieves other stipulated performance hurdles.
- (t) If, when making an offer of Options under the Plan, the Company does so in reliance on ASIC Class Order [CO 14/1000], it must, at the time of making the offer, have reasonable grounds to believe that the number of Shares that have been, or may be, issued in any of the circumstances covered by the following paragraphs will not exceed 5% of the total number of Shares:
 - (i) Shares that may be issued under the offer or any other offer to be made under the Plan (to the extent offered in reliance on ASIC Class Order [CO 14/1000]);
 - (ii) Shares issued or that may be issued as a result of offers made at any time during the previous three year period under:
 - (A) the Plan or any other Employee Incentive Scheme (as defined in ASIC Class Order [CO 14/1000]) in reliance on ASIC Class Order [CO 14/1000] or its predecessors; or
 - (B) an ASIC exempt arrangement of a similar kind to an Employee Incentive Scheme (as defined in ASIC Class Order [CO 14/1000]).
- (u) Offers of Options made or Shares issued other than in reliance on ASIC Class Order [CO 14/1000] or its predecessors (such as offers received outside of Australia or under an exception in section 708 of the Corporations Act) will not be included in calculating the 5% limit.
- (v) Subject to the Plan, the Listing Rules and all applicable laws, the Board may at any time by resolution amend or add to all or any of the provisions of the Plan, amend or add to the terms or conditions of any Options granted under the Plan, or suspend or terminate the operation of the Plan.
- (w) The Board may waive, amend or replace any performance measure in a Performance Condition attaching to an Option if the Board determines that the original Performance Condition is no longer appropriate or applicable, provided that the interests of the relevant Participant are not, in the opinion of the Board, materially prejudiced or advantaged relative to the position reasonably anticipated at the time of the grant.

Definitions

Associated Bodies Corporate means a body corporate:

- (a) that is a related body corporate of the Company;
- (b) that has Voting Power in the Company of not less than 20%; or
- (c) in which the Company has Voting Power of not less than 20%.

Average Share Price means the volume weighted average price of Shares on ASX over the 5 trading days prior to the date of a notice of exercise of Options.

Casual Employee means an individual who is, or might reasonably be expected to be, engaged to work the number of hours that are the pro rata equivalent of 40% or more of a comparable full-time position with a member of the Group.

Contractor means:

- (a) an individual with whom a member of the Group has entered into a contract for the provision of services under which the individual performs work for that member of the Group; or
- (a) a company with whom a member of the Group has entered into a contract for the provision of services under which an individual, who is a director of the company or their spouse, performs work for that member of the Group,

where the individual who performs the work under or in relation to the contract is, or might reasonably be expected to be, engaged to work the number of hours that are the pro rata equivalent of 40% or more of a comparable full-time position with the member of the Group.

Eligible Executive means an Executive nominated by the Board and who the Board determines in its absolute discretion is to participate in the Option Plan and who has not given or been given a notice of termination of employment.

Executive means a person who at the time of an offer under the Option Plan:

- (a) a full-time or part-time employee (including an executive director);
- (b) a non-executive director;
- (c) a Contractor;
- (d) a Casual Employee; or
- (e) a Prospective Participant,
of a member of the Group.

Group means the Company and its Associated Bodies Corporate.

Measurement Period means a period for satisfaction of a Performance Condition, as specified in the offer made under the Option Plan, which shall be determined by the Board in its absolute discretion.

Nominee means a nominee of an Eligible Executive that is one of the following:

- (a) an immediate family member of the Eligible Executive;
- (b) a company whose members comprise no persons other than the Eligible Executive or immediate family members of the Eligible Executive;
- (c) a corporate trustee of a self-managed superannuation fund (within the meaning of the Superannuation Industry (Supervision) Act 1993 (Cth)) where the Eligible Executive is a director of the trustee; or
- (d) where an offer is made other than in reliance on ASIC Class Order [CO 14/1000], a person or entity that is exempt from disclosure under section 708 of the Corporations Act and is approved for this purpose by the Board.

Participant means an Eligible Executive who is deemed to have accepted an offer and to whom an Option is (or is to be) issued under the Option Plan, or its Nominee (as the context requires).

Prospective Participant means a person to whom an offer is made under the Option Plan but who can only accept that offer if an arrangement has been entered into that will result in the person becoming covered by one of paragraphs (a) to (d) of the definition of Executive.

Total and Permanent Disablement means, in relation to a Participant means that the Participant has, in the opinion of the Board, after considering such medical and other evidence as it sees fit, become incapacitated to such an extent as to render the Participant unlikely ever to engage in any occupation for which he or she is reasonably qualified by education, training or experience.

Voting Power has the meaning given in section 610 of the Corporations Act.





Austin Engineering Limited
ABN 60 078 480 136



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MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Need assistance?

 **Phone:**
1300 850 505 (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 **1:00 PM (AWST) on Wednesday, 24 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 under the help tab, "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: 999999

SRN/HIN: I999999999

PIN: 99999

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.

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

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.



I 9999999999

I ND

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 Austin Engineering 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 Austin Engineering Limited to be held at Level 18, Alluvion, 58 Mounts Bay Road, Perth, WA 6000 on Friday, 26 November 2021 at 1:00 PM (AWST) 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 Resolutions 1, 3 and 4 (except where I/we have indicated a different voting intention in step 2) even though Resolutions 1, 3 and 4 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 Resolutions 1, 3 and 4 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
Resolution 1	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-election of Mr Chris Indermaur as Non-executive Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Approval to issue securities under Performance Rights Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Issue of Options to Mr David Singleton	<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

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Computershare

