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## **HODGES RESOURCES LIMITED**

**ACN 115 819 479**

## **NOTICE OF ANNUAL GENERAL MEETING**

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**TIME:** 8.30am (WST)

**DATE:** Thursday 2 April 2020

**PLACE:** Level 2  
38 Richardson Street  
WEST PERTH WA 6005

***This Notice of Annual General Meeting and Explanatory Memorandum should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.***

***Should you wish to discuss the matters in this Notice of Annual General Meeting please do not hesitate to contact the Company Secretary on (+61 8) 9322 6283.***

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**IMPORTANT INFORMATION**

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**TIME AND PLACE OF MEETING**

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Notice is given that the Annual General Meeting of the Shareholders convened by this Notice of Meeting will be held at 8.30am (WST) on Thursday 2 April 2020 at:

Level 2, 38 Richardson Street, WEST PERTH WA 6005

**YOUR VOTE IS IMPORTANT**

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

**ATTENDANCE AND VOTING ELIGIBILITY**

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For the purposes of regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) the Directors have determined that the Shares on issue at 8.30am WST on 31 March 2020 will be taken, for the purposes of this Annual General Meeting, to be held by the persons who held them at that time. Accordingly those persons are entitled to attend and vote (if not excluded) at the Meeting.

**VOTING IN PERSON**

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

**VOTING BY PROXY**

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To vote by proxy, please complete and sign the Proxy Form enclosed (and the power of attorney or other authority (if any) under which it is signed (or a certified copy)) and either:

- (a) deliver the Proxy Form to the Company's registered office at Level 2, 38 Richardson Street, West Perth, Western Australia 6005;
- (b) send the Proxy Form by post to Hodges Resources Limited, PO Box 396, West Perth, Western Australia 6872; or
- (c) send the Proxy Form by facsimile to the Company on facsimile number (08) 9322 6398; or
- (d) email the Proxy Form to [admin@hodgesresources.com.au](mailto:admin@hodgesresources.com.au)

so that it is received not later than 8.30am (WST) on 31 March 2020.

**Proxy Forms received later than this time will be invalid.**

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## NOTICE OF GENERAL MEETING

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Notice is given that the Annual General Meeting of Shareholders of Hodges Resources Limited will be held at **Level 2, 38 Richardson Street, West Perth, Western Australia at 8.30am WST on Thursday 2 April 2020.**

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

Terms and abbreviations used in this Notice of Meeting and Explanatory Memorandum (including the Annexures) are defined in the Glossary unless defined elsewhere in the Explanatory Memorandum.

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## FINANCIAL STATEMENTS AND REPORTS

**To receive and consider** the 2019 Financial Report together with the declaration of the Directors, the Directors' report and the auditor's report thereon.

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## RESOLUTION 1 – RE-ELECTION OF DIRECTOR – MR BRYAN DIXON

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

*"That Mr Bryan Dixon, a Director of the Company, who retires by rotation in accordance with the Constitution, and being willing and eligible for re-election, is re-elected as a Director."*

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## RESOLUTION 2 – ELECTION OF DIRECTOR – MR TERRY GARDINER

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

*"That Mr Terry Gardiner, a Director of the Company, who retires in accordance with the Constitution, and being willing and eligible for election, is elected as a Director."*

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## RESOLUTION 3 – APPROVAL OF HODGES RESOURCES LIMITED SECURITIES INCENTIVE PLAN

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

*"That approval is given to adopt the Hodges Resources Limited Securities Incentive Plan and to issue securities under that plan, and to issue Shares pursuant to those securities, from time to time upon the terms and conditions and in the manner summarised in the Explanatory Memorandum."*

### **Voting Exclusion Statement**

The Company will disregard any votes cast in favour of this Resolution by or on behalf of a Director (except one who is ineligible to participate in any securities plan in relation to the Company) or any associates of such a Director. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

### **Voting Prohibition Statement:**

A vote on this Resolution must not be cast (in any capacity) by or on behalf of any of the following persons:

- (a) a member of the Key Management Personnel; or
- (b) a Closely Related Party of such a member.

However, a person described above (the "voter") may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy appointed by writing that specifies the way the proxy is to vote on the Resolution; and
- (b) the voter is the Chair and the appointment of the Chair as proxy:

- (i) does not specify the way the proxy is to vote on this Resolution; and
- (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company or, if the Company is part of a consolidated entity, for the entity.

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#### **RESOLUTION 4 – CHANGE OF COMPANY NAME**

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

*“That, with effect from the date that ASIC alters the details of the Company’s registration in accordance with section 157 of the Corporations Act, the name of the Company be changed to Abyssinian Gold Limited.”*

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#### **RESOLUTION 5 – CHANGE OF COMPANY CONSTITUTION**

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

*“That, with effect from the close of the Meeting and in accordance with section 136(2) of the Corporations Act and for all other purposes, the Company’s Constitution be modified by making the amendments described in the Explanatory Memorandum.”*

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#### **OTHER BUSINESS**

To deal with any business that may be lawfully brought forward.

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#### **PROXIES**

A Shareholder entitled to attend and vote at the Meeting has a right to appoint a proxy to attend and vote instead of the Shareholder. A proxy need not be a Shareholder and can be either an individual or a body corporate. If a Shareholder appoints a body corporate as a proxy that body corporate will need to ensure that it:

- a) appoints an individual as its corporate representative to exercise its powers at the Meeting, in accordance with section 250D of the Corporations Act; and
- b) provides the Company with satisfactory evidence of the appointment of its corporate representative prior to commencement of the Meeting.

If such evidence is not received before the Meeting, then the body corporate (through its representative) will not be permitted to act as proxy.

A Shareholder who is entitled to cast two (2) or more votes may appoint two (2) proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If no proportion or number is specified, each proxy may exercise half of the Shareholder’s votes. Fractions of votes will be disregarded.

In order to vote on behalf of a company that is a Shareholder, a valid Power of Attorney in the name of the attendee, must be either lodged with the Company prior to the Meeting, or be presented at the Meeting before registering on the attendance register for the Meeting.

Forms to appoint proxies, and the Power of Attorney (if any) under which they are signed, must be posted or lodged at the registered office of the Company, at Level 2, 38 Richardson Street, West Perth WA 6005, or PO Box 396 West Perth WA 6872, or by facsimile to (61 8) 9322 6398, or by email to **admin@hodgesresources.com.au** not less than 48 hours before the time of the Meeting or resumption of an adjourned meeting at which the person named in the instrument proposes to vote.

An instrument appointing a proxy:

- a) shall be in writing under the hand of the appointor or of his attorney, or if the appointor is a corporation, either under seal or under the hand of a duly authorised officer or attorney;

- b) may specify the manner in which the proxy is to vote in respect of a particular Resolution and, where an instrument of proxy so provides, the proxy is not entitled to vote on the Resolution except as specified in the instrument;
- c) shall be deemed to confer authority to demand or join in demanding a poll;
- d) shall be in such form as the Directors determine and which complies with section 250A of the Corporations Act; and
- e) which appoints the Chair as proxy but does not specify the way in which the proxy is to vote on a particular Resolution will be recorded as voting in favour of the Resolutions (subject to the other provisions of these notes on proxies and any required voting exclusions including those in the Notice) as this is the Chair's voting intention.

### **Corporations**

A corporation may elect to appoint a representative in accordance with the Corporations Act in which case the Company will require written proof of the representative's appointment, which must be lodged with, or presented to, the Company before the commencement of the Meeting.

Proxies given by corporate Shareholders must be executed in accordance with their constitutions, or signed by a duly authorised attorney. A proxy may decide whether to vote on any motion, except where the proxy is required by law or the Constitution to vote, or abstain from voting, in their capacity as proxy.

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

### **Undirected and Directed Proxies**

The Company encourages all shareholders who submit proxies to direct their proxy how to vote on each resolution.

The Company will not disregard any votes cast on a resolution by a person if the person is the Chair voting an undirected proxy and their appointment expressly authorises the Chair to exercise the proxy.

If you intend to appoint the Chair as your proxy, you can direct him how to vote by marking the boxes for each resolution (for example, if you wish to vote "for", "against" or "abstain" from voting), or you cannot mark any of the boxes and give the Chair your express authority to vote your undirected proxy (in which case the Chair will vote in favour of all Resolutions).

If you intend to appoint another member of the KMP (such as one of the Directors) or one of their Closely Related Parties as your proxy, please ensure that you direct them how to vote on Resolution 3. If you leave your proxy form undirected on Resolution 3, the relevant KMP (other than the Chair) and their Closely Related Parties will not be able to vote your shares on those resolutions. If the Chair is your proxy and you do not direct the Chair how to vote in respect of Resolution 3 on the proxy form, you will be deemed to have directed and expressly authorised the Chair to vote your proxy in favour of Resolution 3 (as applicable). This express authorisation acknowledges that the Chair may vote your proxy even though Resolution 3 is connected directly or indirectly with the remuneration of a KMP and even though the Chair may have an interest in the outcome of that resolution and is prohibited from voting on that resolution (other than as authorised proxy holder) because of that interest.

In accordance with the Corporations Act, any directed proxies that are not voted on a poll at the meeting will automatically default to the Chair, who is required to vote proxies as directed.

### ***If you appoint any other person as your proxy***

You do not need to direct your proxy how to vote.

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**DATED: 27 MARCH 2020**

**BY ORDER OF THE BOARD**

**BRYAN DIXON  
COMPANY SECRETARY**

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## EXPLANATORY MEMORANDUM

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This Explanatory Memorandum has been prepared for the information of shareholders of Hodges Resources Limited in connection with the business specified to be conducted in the Notice of Annual General Meeting at the annual general meeting of Shareholders to be held at Level 2, 38 Richardson Street, West Perth, Western Australia 6005 at **8.30am WST on Thursday 2 April 2020**.

The purpose of this Explanatory Memorandum is to provide information that the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

The Notice of Meeting, Explanatory Memorandum and Proxy Form are all important documents. The Directors recommend that Shareholders read them carefully in their entirety before making a decision on how to vote at the Annual General Meeting.

A Glossary of terms frequently used in this Notice of Meeting and Explanatory Memorandum can be found at the end of this Explanatory Memorandum.

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### 1. FINANCIAL STATEMENTS AND REPORTS

In accordance with the Constitution, the business of the Meeting will include receipt and consideration of the 2019 Financial Report together with the declaration of the Directors, the Directors' Report and the auditor's report thereon.

The Company will not provide a hard copy of the 2019 Financial Report to Shareholders unless specifically requested to do so. The 2019 Financial Report are each available on the Company's website at [www.hodgesresources.com.au](http://www.hodgesresources.com.au).

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### 2. RESOLUTION 1 – RE-ELECTION OF DIRECTOR – MR BRYAN DIXON

#### 2.1 Background

Clause 11.3 of the Constitution requires that at the Company's annual general meeting in every year, one-third of the Directors for the time being, or, if their number is not a multiple of three (3), then the number nearest one-third, shall retire from office, provided always that no Director (except a Managing Director) shall hold office for a period in excess of three (3) years, or until the third annual general meeting following his or her appointment, whichever is the longer, without submitting himself or herself for re-election.

The Directors to retire at an annual general meeting are those who have been longest in office since their last election, but, as between persons who became Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by drawing lots.

A Director who retires by rotation under clause 11.3 of the Constitution is eligible for re-election.

Mr Bryan Dixon, retires by rotation in accordance with the Constitution and, being willing and eligible for re-election, seeks re-election.

The profile of Mr Dixon is set out in the 2019 Financial Report.

#### 2.2 Directors' Recommendation

The Directors (other than Mr Dixon) recommend that Shareholders vote in favour of Resolution 1.

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### 3. RESOLUTION 2 – ELECTION OF DIRECTOR – MR TERRY GARDINER

#### 3.1 Background

Clause 11.12 of the Constitution requires that any Director appointed by the Board to fill a casual vacancy holds office until the next annual general meeting of the Company and is then eligible for election but is not taken into account in determining the Directors who are to retire by rotation at that meeting.

Mr Terry Gardiner was appointed by the Board to fill a casual vacancy on 18 December 2019 and so retires in accordance with clause 11.12 of the Constitution and, being willing and eligible, seeks election.

Mr Gardiner has over 20 years' experience in capital markets, stockbroking & derivatives trading and prior to that had many years trading in equities & derivatives for his family accounts. Currently a Director of stockbroking firm Barclay Wells Limited and a Non-executive Director of Cazaly Resources Limited and Galan Lithium Limited

#### 3.2 Directors' Recommendation

The Directors (other than Mr Gardiner) recommend that Shareholders vote in favour of Resolution 2.

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### RESOLUTIONS 3 – APPROVAL OF HODGES RESOURCES LIMITED SECURITIES INCENTIVE PLAN

#### 4.1 Background to Resolution 3

Resolution 3 is a resolution which seeks Shareholder approval for a new Hodges Resources Limited Securities Incentive Plan (**Incentive Plan**). A summary of the terms and conditions is set out in Annexure A to this Notice.

It should be noted that Resolution 3 does not approve the issue of any Securities under the Plan (**Plan Securities**) including the issue of Plan Securities to any Director, employee or consultant of the Company. Any future issue of Plan Securities will be subject to the Company obtaining any Shareholder or other approvals that may be required.

The main purpose of the Incentive Plan is to give an additional reward to Directors, employees and consultants of the Company to provide dedicated and ongoing commitment and effort to the Company, and for the Company to reward its Directors, employees and consultants for their efforts. The Incentive Plan is a reward plan designed to increase the motivation of personnel and create a stronger link between increasing Shareholder value and personnel reward.

If convertible securities issued under the Plan are exercised it will have the effect of increasing the Company's cash position by the amount of the exercise price multiplied by the number of Plan convertible securities exercised. It will also increase the number of Shares that are on issue by the number of Plan convertible securities exercised.

Shares issued pursuant to the exercise of convertible Plan Securities will rank pari passu in all respects with the Company's existing Shares.

The Board believes that the Incentive Plan will:

- enable the Company to recruit and retain the talented people needed to achieve the Company's business objectives;
- link the rewards of key personnel with the achievements of strategic goals and the performance of the Company;
- align the financial interest of participants in the Incentive Plan with those of shareholders of the Company; and
- provide reward to participants in the Incentive Plan to focus on superior performance that creates Shareholder value.

#### **4.2 Directors' Recommendation for Resolution 3**

As the Directors may have a personal interest in Resolution 3 the Directors make no recommendation as to how Shareholders should vote on this resolution.

#### **4.5 Directors' Recommendation for Resolution 3**

As the Directors may have a personal interest in Resolution 3 the Directors make no recommendation as to how Shareholders should vote on this resolution.

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### **5 RESOLUTION 4 – CHANGE OF COMPANY NAME**

The Directors have determined to change the name of the Company to "Abyssinian Gold Limited". Resolution 4 seeks Shareholder approval for the change of name in accordance with section 157 of the Corporations Act.

Resolution 4 is a special resolution.

If Resolution 4 is passed by Shareholders as a special resolution the change of name of the Company will take effect from the date on which ASIC alters the details of the Company's registration.

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### **6 RESOLUTION 5 – CHANGE TO COMPANY CONSTITUTION**

#### **6.1 General**

Under section 136(2) of the Corporations Act, a company can modify its constitution or a provision of its constitution by special resolution. Accordingly, the Company seeks Shareholder approval to amend its Constitution by a special resolution of Shareholders as set out below.

Resolution 5 is a special resolution.

A copy of the amended constitution will be sent to Shareholders on request and will also be available for inspection at the office of the Company during normal business hours prior to the Meeting.

#### **6.2 Background**

Changes to the Listing Rules took effect on 1 December 2019 which require a listed entity's constitution to contain certain provisions regarding Restricted Securities if the entity has any Restricted Securities on issue. Although the Company is not presently listed on the ASX and does not presently have any Restricted

Securities on issue, the Board considers it prudent to take this opportunity to update the Constitution to ensure it complies with these new requirements in the event that the Company wishes to become listed on the ASX in the future.

With effect from 1 December 2019, ASX has applied a two-tier escrow regime whereby ASX can require certain more significant holders of Restricted Securities and their controllers to execute a formal escrow agreement in the form of Appendix 9A of the Listing Rules as is currently the case. However, for less significant holdings, ASX will instead permit entities to rely on a provision in their constitution imposing appropriate escrow restrictions on the holders of restricted securities and to simply give a notice to the holders of Restricted Securities in the form to be set out in the Listing Rules.

### **6.3 Proposed Amendment**

By Resolution 5 it is proposed that the current clause 3.19 in the Company's Constitution be deleted in its entirety and replaced with the following:

#### **Clause 3.19 – Restricted Securities**

*At any time while the Company is on the official list of ASX, the Company must recognise and comply with the Listing Rules with respect to Restricted Securities.*

*Without limiting the obligation to comply with the Listing Rules:*

- (a) *A holder of Restricted Securities must not Dispose of, or agree or offer to Dispose of, the Restricted Securities during the escrow period applicable to those Restricted Securities except as permitted by the Listing Rules or ASX;*
- (b) *If the Restricted Securities are in the same class as quoted securities, the holder will be taken to have agreed in writing that the Restricted Securities are to be kept on the Company's issuer sponsored sub-register and are to have a holding lock applied for the duration of the escrow period applicable to those securities;*
- (c) *The Company will refuse to acknowledge any Disposal (including, without limitation, to register any transfer), of Restricted Securities during the escrow period except as permitted by the Listing Rules or ASX;*
- (d) *A holder of Restricted Securities breaches a Restriction Deed or a provision of this Constitution restricting a Disposal of those Restricted Securities, the holder will not be entitled to any dividends or distribution, or to exercise any voting rights, in respect of those Restricted Securities for so long as the breach continues.*

*For the purposes of this clause 3.19, Dispose has the same meaning given to it in the Listing Rules and Disposal has the corresponding meaning.*

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## **GLOSSARY**

In the Notice of Meeting (including the Annexures thereto) and the Proxy Form, the following terms have the following meanings unless they are otherwise defined or the context otherwise requires:

**\$** means Australian dollars.

**2019 Financial Report** means the Company's financial report for the financial year ended 30 June 2019, which can be downloaded from the Company's website at [www.hodgesresources.com.au](http://www.hodgesresources.com.au).

**Annual General Meeting** or **Meeting** means the meeting convened by the Notice.

**Annexure** means an annexure to this Explanatory Memorandum.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited ACN 008 624 691 or the market operated by it, as the context requires.

**Board** means the board of Directors.

**Business Day** means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

**Chair** means the chairperson of the Meeting.

**Closely Related Party** of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;

- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the Company;
- (e) a company the member controls; or
- (f) a person prescribed by the *Corporations Regulations 2001* (Cth) that may be made for this purpose.

**Company** or **Hodges** means Hodges Resources Limited ACN 115 819 479.

**Constitution** means the Company's constitution.

**Corporations Act** means the *Corporations Act 2001* (Cth) and the regulations promulgated under it, each as amended from time to time.

**Director** means a director of the Company.

**Explanatory Memorandum** means the explanatory memorandum accompanying and forming part of the Notice.

**Key Management Personnel** has the same meaning as in the accounting standards and broadly includes 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) of the Company.

**Notice** or **Notice of Meeting** or **Notice of Annual General Meeting** means this notice of annual general meeting including the Explanatory Memorandum and the Proxy Form.

**Proxy Form** means the proxy form accompanying and forming part of the Notice.

**Resolutions** means the resolutions set out in the Notice of Meeting, or any one of them, as the context requires.

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

**Shareholder** means a holder of a Share.

**WST** means Western Standard Time as observed in Perth, Western Australia.

Where a word or phrase is given a defined meaning, another part of speech or other grammatical form in respect of that word or phrase has a corresponding meaning.

## ANNEXURE A – SUMMARY OF THE TERMS AND CONDITIONS OF THE HODGES RESOURCES LIMITED SECURITIES INCENTIVE PLAN

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The Hodges Resources Limited Securities Incentive Plan (**Plan**) is being considered for approval by Shareholders at the General Meeting. The full terms of the Plan may be inspected at the registered office of the Company during normal business hours. A summary of the terms of the Plan is set out below:

(a) (**Eligible Participant**): Eligible Participant means a person that:

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

(b) (**Purpose**): The purpose of the Plan is to:

- (i) assist in the reward, retention and motivation of Eligible Participants;
- (ii) establish a method by which Eligible Participants can participate in the future growth and profitability of the Company;
- (ii) link the reward of Eligible Participants to Shareholder value creation;
- (iii) align the interests of Eligible Participants with shareholders of the Group (being the Company and each of its Associated Bodies Corporate), by providing an opportunity to Eligible Participants to receive an equity interest in the Company in the form of Securities; and
- (iv) attract and retain a high standard of managerial and technical personnel for the benefit of the Company.

(c) (**Plan administration**): The Plan will be administered by the Board. The Board may exercise any power or discretion conferred on it by the Plan rules in its sole and absolute discretion. The Board may delegate its powers and discretion.

(d) (**Eligibility, invitation and application**): The Board may from time to time determine that an Eligible Participant may participate in the Plan and make an invitation to that Eligible Participant to apply for Securities on such terms and conditions as the Board decides.

On receipt of an Invitation, an Eligible Participant may apply for the Securities the subject of the invitation by sending a completed application form to the Company.

The Board may accept an application from an Eligible Participant in whole or in part.

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

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

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

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

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

(h) (**Exercise of Convertible Securities and cashless exercise**): To exercise a Convertible Security, the Participant must deliver a signed notice of exercise and, subject to a cashless exercise of

Convertible Securities (see below), pay the exercise price (if any) to or as directed by the Company, at any time prior to the earlier of any date specified in the vesting notice and the expiry date as set out in the invitation. More than one signed Notice of Exercise can be delivered by a Participant in relation to a holding of Convertible Securities from the date of a Vesting Notice until the earlier of any date specified in the vesting notice and the expiry date as set out in the invitation.

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

**Market Value** means, at any given date, the volume weighted average price per Share traded on the ASX over the 5 trading days immediately preceding that given date, unless otherwise specified in an invitation. A Convertible Security may not be exercised unless and until that Convertible Security has vested in accordance with the Plan rules, or such earlier date as set out in the Plan rules.

- (i) **(Delivery of Shares on exercise of Convertible Securities):** As soon as practicable after the valid exercise of a Convertible Security by a Participant, the Company will issue or cause to be transferred to that Participant the number of Shares to which the Participant is entitled under the Plan rules and issue a substitute certificate for any remaining unexercised Convertible Securities held by that Participant.
- (j) **(Forfeiture or non forfeiture of Convertible Securities):** Where a Participant who holds Convertible Securities ceases to be an Eligible Participant, all unvested Convertible Securities will automatically be forfeited by the Participant, unless the Board otherwise determines in its discretion to permit some or all of the Convertible Securities to vest or remain non forfeited.

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

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

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

**Good Leaver** Where an Eligible Participant (who, or whose nominated party, holds Convertible Securities) becomes a Good Leaver, unless the Board determines otherwise vested Convertible Securities that have not been exercised will continue in force and remain exercisable until the Expiry Date and unvested Convertible Securities will be forfeited unless the Board determines otherwise. A Good Leaver means an Eligible Participant (who, or whose nominated party, holds Convertible Securities) who ceases employment, office or engagement with any Group Company and who is not a Bad Leaver, and includes where an Eligible Participant's employment, office or engagement ceases due to death, permanent incapacity, mental incapacity, redundancy, resignation, retirement or any other reason the Board decides.

A **Bad Leaver** Unless the Board determines otherwise, where an Eligible Participant (who, or whose nominated party, holds Convertible Securities) becomes a Bad Leaver unvested Convertible Securities will be forfeited and vested Convertible Securities that have not been exercised will be forfeited on the date of the cessation of employment or office of such Participant in accordance with clause 10. A Bad Leaver means an Eligible Participant (who, or whose nominated party, holds Convertible Securities) whose employment, office or engagement with a Group Company ceases in any of the following circumstances: (i) the Eligible Participant's employment or engagement is terminated, or the Eligible Participant is dismissed from office, due to serious and wilful misconduct; a material breach of the terms of any contract of employment, engagement or office entered into by a Group Company and the Eligible Participant; gross negligence; or any other conduct justifying termination of employment, engagement or office without notice either under the Eligible Participant's contract of employment or engagement or office, or at common law; (ii) the Eligible Participant ceases his or her employment or engagement or office for any reason, and breaches a post-termination restriction contained in the Eligible Participant's employment contract; or (iii) the Eligible Participant becomes ineligible to hold his or her office for the purposes of Part 2D.6 (disqualification from managing corporations) of the Corporations Act.

**Discretion** The Board may decide (on any conditions which it thinks fit) that some or all of the Participant's Convertible Securities will not be forfeited at that time, but will be forfeited at the time and subject to the conditions it may specify by written notice to the Participant.

- (k) **(Change of control)**: If a change of control event occurs in relation to the Company, or the Board determines that such an event is likely to occur, the Board may in its discretion determine the manner in which any or all of the Participant's Convertible Securities will be dealt with, including, without limitation, in a manner that allows the Participant to participate in and/or benefit from any transaction arising from or in connection with the change of control event.
- (l) **(Rights attaching to Plan Shares)**: All Shares issued under the Plan, or issued or transferred to a Participant upon the valid exercise of a Convertible Security, **(Plan Shares)** will rank pari passu in all respects with the Shares of the same class. A Participant will be entitled to any dividends declared and distributed by the Company on the Plan Shares and may participate in any dividend reinvestment plan operated by the Company in respect of Plan Shares. A Participant may exercise any voting rights attaching to Plan Shares.
- (m) **(Disposal restrictions on Plan Shares)**: If the invitation provides that any Plan Shares are subject to any restrictions as to the disposal or other dealing by a Participant for a period, the Board may implement any procedure it deems appropriate to ensure the compliance by the Participant with this restriction.

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

- (i) transfer, encumber or otherwise dispose of, or have a security interest granted over that Plan Share; or
  - (ii) take any action or permit another person to take any action to remove or circumvent the disposal restrictions without the express written consent of the Company.
- (n) **(Adjustment of Convertible Securities)**: If there is a reorganisation of the issued share capital of the Company (including any subdivision, consolidation, reduction, return or cancellation of such issued capital of the Company), the rights of each Participant holding Convertible Securities will be changed to the extent necessary to comply with the ASX Listing Rules (if applicable to the Company) which relate to a reorganisation of capital at the time of the reorganisation.

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

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

- (o) **(Participation in new issues)**: There are no participation rights or entitlements inherent in the Convertible Securities and holders are not entitled to participate in any new issue of Shares of the Company during the currency of the Convertible Securities without exercising the Convertible Securities.
- (p) **(Amendment of Plan)**: Subject to the following paragraph, the Board may at any time amend any provisions of the Plan rules, including (without limitation) the terms and conditions upon which any Securities have been granted under the Plan and determine that any amendments to the Plan rules be given retrospective effect, immediate effect or future effect.

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

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

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