



**ASX Announcement  
18 October 2019**

## NOTICE OF ANNUAL GENERAL MEETING – COVER LETTER

Dear Shareholders,

Please find attached a Notice of Meeting for the upcoming Annual General Meeting to be held on 19 November 2019.

Included in the Notice of Meeting are resolutions for a one-off grant of Long-Term Incentive Options ("Options") to each member of the Board of Directors. The objective of a Long-Term Incentive is to reward Board and Executives in a manner that closely aligns a significant portion of remuneration with the execution of key milestones and creation of shareholder wealth. Taking into consideration the Company's current market capitalisation and stage of development, the Board views the granting of Long-Term Incentives as a strategic attraction and retention tool as we approach a period that we believe will see considerable value generated for Gulf shareholders.

The proposed award of Incentive Options relates to a three-year period and establishes a structure that is focussed on long-term sustainable shareholder value generation. The potential dilution impact on the granting of these Options has been carefully considered and is calculated to be 6.49%.

The proposed number of Options to be granted to each of the Directors is as follows:

Hamish Bohannan	125 million
Craig Munro	95 million
Andrew Wilson	65 million
Tan Hwa Poh	65 million
<b>Total</b>	<b>350 million</b>

The proposed Options will have an exercise price of 50% above the 5 day Volume Weighted Average Price (VWAP) ending on the date before Shareholder approval for the Incentive Options is obtained. Importantly, the Incentive Options will only vest or be able to be exercised upon certain Performance Conditions being met.

The Performance Conditions that the Board have set are as follows:

- one-third of the Incentive Options will vest upon completion of financing for the Company's first and second smelters in the Kupang manganese smelter hub (First Smelters);
- one-third of the Incentive Options will vest upon successful commissioning of the First Smelters;
- one-third of the Incentive Options will vest upon total aggregate sales of 5,000 tonnes of ferromanganese alloy from the First Smelters; and
- Incentive Options will only vest if the average 30 consecutive day VWAP of the Company's Shares is equal to or greater than the Exercise Price, and the Performance Conditions for the Incentive Options (as detailed above) have been satisfied.

T4, 152 Great Eastern Highway  
Ascot WA 6104

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ABN: 73 059 954 317  
Gulf Manganese Corporation Limited

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Each Incentive Option will expire three years after Shareholder Approval is obtained. An Incentive Option not validly exercised by the Expiry Date will automatically lapse on the Expiry Date.

Finally, I would like to thank our loyal Shareholders for their ongoing support and your Board looks forward to delivering significant value to you over the next 12 months.

Yours sincerely



Craig Munro  
Non-Executive Chairman  
Gulf Manganese Corporation Limited

**For further information please contact:**

Hamish Bohannan  
Managing Director

Gulf Manganese Corporation Limited  
T: 08 9367 9228  
E: [info@gulfmanganese.com](mailto:info@gulfmanganese.com)



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**GULF MANGANESE CORPORATION LIMITED**

**ACN 059 954 317**

**NOTICE OF ANNUAL GENERAL MEETING**

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**TIME:** 10.00am (WST)

**DATE:** 19 November 2019

**PLACE:** Karstens Sydney,  
Level 1, 111 Harrington Street  
Sydney 2000,  
New South Wales

*This Notice of Meeting 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 Meeting please do not hesitate to contact the Company Secretary on +61 8 9367 9228.*

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## IMPORTANT INFORMATION

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### Time and place of Meeting

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Notice is given that the Meeting will be held at 10.00 am (WST) on 19 November 2019 at:

Karstens Sydney,  
Level 1, 111 Harrington Street  
Sydney 2000,  
New South Wales

### Your vote is important

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

### Voting eligibility

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The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 10.00am (WST) on 17 November 2019.

### Voting in person

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To vote in person, attend the 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 enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

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## BUSINESS OF THE MEETING

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### Agenda

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#### 1. FINANCIAL STATEMENTS AND REPORTS

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2019 together with the declaration of the directors, the directors' report, the Remuneration Report and the auditor's report.

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#### 2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

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

*"That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's annual financial report for the financial year ended 30 June 2019."*

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

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#### 3. RESOLUTION 2 – ELECTION OF DIRECTOR – TAN HWA POH

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

*"That, for the purpose of clause 14.4 of the Constitution, ASX Listing Rule 14.4 and for all other purposes, Tan Hwa Poh, a Director who was appointed on 20 November 2018, retires, and being eligible, is elected as a Director."*

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#### 4. RESOLUTION 3 – RE-ELECTION OF DIRECTOR – ANDREW WILSON

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

*"That, Andrew Wilson, who retires in accordance with clause 14.2 of the Constitution, ASX Listing Rule 14.4 and for all other purposes, and being eligible, offers himself for re-election, be re-elected as a Director."*

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#### 5. RESOLUTION 4 – RATIFICATION OF PREVIOUS SHARE ISSUE

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

*"That, for the purpose of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 41,891,333 Shares in the Company on 17 September 2019 on the terms and conditions set out in the Explanatory Statement."*

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#### 6. RESOLUTION 5 – APPROVAL TO ISSUE INCENTIVE OPTIONS TO DIRECTOR – MR HAMISH BOHANNAN

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

*"That, for the purposes of sections 195(4), 200B, 200E and 208 of the Corporations Act, ASX Listing Rules 10.14 and 10.19 and for all other purposes, approval is given for the*

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Company to issue 125,000,000 Incentive Options to Mr Hamish Bohannan, a director of the Company (or his nominee), under the Plan on the terms and conditions set out in the Explanatory Statement.”

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**7. RESOLUTION 6 – APPROVAL TO ISSUE INCENTIVE OPTIONS TO DIRECTOR – MR CRAIG MUNRO**

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

*“That, for the purposes of sections 195(4), 200B, 200E and 208 of the Corporations Act, ASX Listing Rules 10.14 and 10.19 and for all other purposes, approval is given for the Company to issue 95,000,000 Incentive Options to Mr Craig Munro, a director of the Company (or his nominee), under the Plan on the terms and conditions set out in the Explanatory Statement.”*

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**8. RESOLUTION 7 – APPROVAL TO ISSUE INCENTIVE OPTIONS TO DIRECTOR – MR ANDREW WILSON**

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

*“That, for the purposes of sections 195(4), 200B, 200E and 208 of the Corporations Act, ASX Listing Rules 10.14 and 10.19 and for all other purposes, approval is given for the Company to issue 65,000,000 Incentive Options to Mr Andrew Wilson, a director of the Company (or his nominee), under the Plan on the terms and conditions set out in the Explanatory Statement.”*

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**9. RESOLUTION 8 – APPROVAL TO ISSUE INCENTIVE OPTIONS TO DIRECTOR – MR TAN HWA POH**

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

*“That, for the purposes of sections 195(4), 200B, 200E and 208 of the Corporations Act, ASX Listing Rules 10.14 and 10.19 and for all other purposes, approval is given for the Company to issue 65,000,000 Incentive Options to Mr Tan Hwa Poh, a director of the Company (or his nominee), under the Plan on the terms and conditions set out in the Explanatory Statement.”*

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**10. RESOLUTION 9 – APPROVAL TO ISSUE PERFORMANCE RIGHTS TO DIRECTOR – HAMISH BOHANNAN**

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

*“That for the purposes of sections 195(4), 200B, 200E and 208 of the Corporations Act, ASX Listing Rules 10.14 and 10.19 and for all other purposes, Shareholders approve the grant of 29,166,667 Performance Rights to Hamish Bohannan, a Director, (or his nominee) under the Plan on the terms and conditions contained in the Explanatory Statement.”*

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**11. RESOLUTION 10 – APPROVAL TO ISSUE PERFORMANCE RIGHTS TO DIRECTOR – CRAIG MUNRO**

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

*“That for the purposes of sections 195(4), 200B, 200E and 208 of the Corporations Act,*

ASX Listing Rules 10.14 and 10.19 and for all other purposes, Shareholders approve the grant of 10,000,000 Performance Rights to Craig Munro, a Director, (or his nominee) under the Plan on the terms and conditions contained in the Explanatory Statement."

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**12. RESOLUTION 11 – APPROVAL TO ISSUE PERFORMANCE RIGHTS TO DIRECTOR – ANDREW WILSON**

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

*"That for the purposes of sections 195(4), 200B, 200E and 208 of the Corporations Act, ASX Listing Rules 10.14 and 10.19 and for all other purposes, Shareholders approve the grant of 5,666,667 Performance Rights to Andrew Wilson, a Director, (or his nominee) under the Plan on the terms and conditions contained in the Explanatory Statement."*

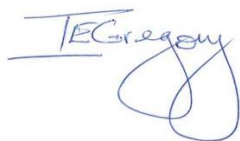
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**13. RESOLUTION 12 – APPROVAL TO ISSUE PERFORMANCE RIGHTS TO DIRECTOR – TAN HWA POH**

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

*"That for the purposes of sections 195(4), 200B, 200E and 208 of the Corporations Act, ASX Listing Rules 10.14 and 10.19 and for all other purposes, Shareholders approve the grant of 5,666,667 Performance Rights to Tan Hwa Poh, a Director, (or his nominee) under the Plan on the terms and conditions contained in the Explanatory Statement."*

**Dated 18 October 2019**  
**By order of the Board**



**Ian Gregory**  
**Company Secretary**

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## VOTING EXCLUSIONS

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### Resolution 1

In accordance with the Corporations Act (2001) (**Corporations Act**), the Company will disregard:-

- (a) any votes cast (in any capacity) on Resolution 1 by or on behalf of;
  - (i) a member of the Key Management Personnel listed in the Remuneration Report (KMP); or
  - (ii) a KMP's Closely Related Party; and
- (b) any votes cast as a proxy on Resolution 1 by any other person who is a member of the KMP at the date of the meeting, or by a Closely Related Party of any such person.

Closely Related Party is defined in the Corporations Act and includes a spouse, dependant and certain other close family members, as well as any companies controlled by the KMP.

However the Company need not disregard a vote cast on Resolution 1 if it is cast:

- (a) by any person referred to above as proxy for a person entitled to vote on the Resolution, in accordance with a direction in the proxy appointment specifying how the proxy is to vote on the Resolution; or
- (b) by the person chairing the meeting as proxy for a person entitled to vote on the Resolution where the proxy appointment does not specify the way the proxy is to vote on the Resolution and expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the KMP for the Company.

Please note that the Chair of the meeting intends to vote undirected proxies in favour of this Resolution.

If you are a member of the KMP or a Closely Related Party of any such member, you may be held liable for breach of the voting restrictions in the Corporations Act if you cast a vote that the Company will disregard.

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

### Resolution 4

The Company will disregard any votes cast in favour of this Resolution by or on behalf of any person who participated in the issue and any Associates of those persons.

However, the Company need not disregard a vote if:

- a) 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
- b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

## Resolutions 5 to 12

The Company will disregard any votes cast in favour of Resolutions 5 to 12 by or on behalf of any director of the Company who is eligible to participate in the Plan, or by an officer of the Company or any of its child entities who is entitled to participate in a termination benefit, or any Associate of those persons. However, the Company need not disregard a vote if:

- a) 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
- b) subject to the following, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

The Company will also disregard any votes cast on Resolutions 5 to 12 by a proxy that is a member of the KMP or their Closely Related Parties where the proxy form does not specify how the proxy is to vote except, subject to the following, where the proxy is the Chair of the Meeting and their appointment expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the KMP for the Company.

A vote may not be cast (in any capacity) in respect of Resolutions 5 to 12 by or on behalf of a Related Party to whom the resolution would permit a financial benefit to be given (or an associate of such a person) other than a vote cast as a proxy appointed by a person in writing that specifies how the proxy is to vote on the proposed resolution and which is not cast on behalf of a relevant Related Party (or an associate of that person). Where the Chair is a Related Party to whom the resolution would permit a financial benefit to be given or an associate of such a Related Party, the Chair cannot cast undirected proxies in respect of the Resolution.

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## EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

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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 annual financial report of the Company for the financial year ended 30 June 2019 together with the declaration of the directors, the directors' report, the Remuneration Report and the auditor's report.

The Company will not provide a hard copy of the Company's annual financial report to Shareholders unless specifically requested to do so. The Company's annual financial report is available on its website at [www.gulfmanganese.com](http://www.gulfmanganese.com).

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### 2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

#### 2.1 General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the Company or the Directors.

The Remuneration Report sets out the Company's remuneration arrangements for the directors and senior management of the Company. The Remuneration Report is part of the directors' report contained in the annual financial report of the Company for a financial year.

The Chair of the Meeting must allow a reasonable opportunity for its Shareholders to ask questions about or make comments on the Remuneration Report at the Annual General Meeting.

#### 2.2 Voting consequences

Under changes to the Corporations Act which came into effect on 1 July 2011, a company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (**Spill Resolution**) if, at two consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the Company must convene a shareholder meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the directors of the Company who were in office when the directors' report (as included in the Company's annual financial report for the most recent financial year) was approved, other than the managing director of the Company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as directors of the Company is approved will be the directors of the Company.

## 2.3 Previous voting results

At the Company's previous annual general meeting the votes cast against the remuneration report considered at that annual general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

## 2.4 Proxy voting restrictions

Shareholders appointing a proxy for this Resolution should note the following:

Proxy	Directions given	No directions given
Key Management Personnel <sup>1</sup>	Vote as directed	Unable to vote <sup>3</sup>
Chair <sup>2</sup>	Vote as directed	Able to vote at discretion of Proxy <sup>4</sup>
Other	Vote as directed	Able to vote at discretion of Proxy

Notes:

<sup>1</sup> Refers to Key Management Personnel (other than the Chair) whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member.

<sup>2</sup> Refers to the Chair (where he/she is also a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report), or a Closely Related Party of such a member).

<sup>3</sup> Undirected proxies granted to these persons will not be voted and will not be counted in calculating the required majority if a poll is called on this Resolution.

<sup>4</sup> The Proxy Form notes it is the Chair's intention to vote all undirected proxies in favour of all Resolutions.

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## 3. RESOLUTION 2 – ELECTION OF TAN HWA POH AS A DIRECTOR

Clause 14.4 of the Constitution allows the Directors to appoint at any time a person to be a Director either to fill a casual vacancy or as an addition to the existing Directors, but only where the total number of Directors does not at any time exceed the maximum number specified by the Constitution.

Pursuant to clause 14.4 of the Constitution and ASX Listing Rule 14.4, any Director so appointed holds office only until the next following annual general meeting and is then eligible for election by Shareholders but shall not be taken into account in determining the Directors who are to retire by rotation (if any) at that meeting.

Mr Tan Hwa Poh, having been appointed on 20 November 2018 will retire in accordance with clause 14.4 of the Constitution and ASX Listing Rule 14.4 and being eligible, seeks election from Shareholders.

Mr Tan Hwa Poh works as a private business consultant essentially bridging businesses between Singapore, Indonesia, Thailand and Hong Kong. His strengths lie in liaising with the respective country's government departments and embassies, helping to reduce the effect of "red tape" and bringing together the business and government sectors to create efficient and lasting partnerships.

### **Directors' Recommendation**

The Board of Directors, excluding Mr Tan Hwa Poh, recommend that Shareholders vote in favour of Resolution 2. The Chair intends to vote undirected proxies in favour of this Resolution.

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#### **4. RESOLUTION 3 – RE-ELECTION OF ANDREW WILSON AS A DIRECTOR**

Clause 14.2 of the Constitution requires that one third of the Directors in office (other than a Managing Director) must retire by rotation at each Annual General Meeting of the Company. Clause 14.2 of the Constitution provides that a retiring Director is eligible for re-election.

Mr Wilson therefore retires at the forthcoming Annual General Meeting in accordance with the Constitution and being eligible, has offered himself for re-election at the meeting.

Mr Wilson has a Bachelor of Commerce (Marketing) and a Masters of Laws, with over 30 years of legal experience and 16 years with BHP in various legal, risk and commercial roles. In addition, Andrew has also been a director of various publicly-listed companies, including: Herald Resources Ltd, Robust Resources Ltd, PT Resource Alam Indonesia TBK, and director or chairman of various not for profit organisations.

From 2000 until 2007, Andrew served as the President Director of BHP Billiton Indonesia, based in Jakarta. Andrew was also a Director of the Indonesian Mining Association and has established strong connections in the region and speaks the local language fluently.

He is a Fellow of the Australian Institute of Company Directors, a member of the Risk Management Institution of Australasia and AusIMM.

### **Directors' Recommendation**

The Board of Directors, excluding Mr Wilson, recommend that Shareholders vote in favour of Resolution 3. The Chair intends to vote undirected proxies in favour of this Resolution.

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#### **5. RESOLUTION 4 – RATIFICATION OF PREVIOUS SHARE ISSUE**

##### **6.1. Background**

Under ASX Listing Rule 7.1, the Company can issue up to 15% of its issued equity securities in a 12 month period (subject to certain exceptions) without shareholder approval. On 17 September 2019, the Company issued Shares as detailed below.

##### **6.2 ASX Listing Rules**

Listing Rule 7.1 provides that a company must not, without prior approval of shareholders, issue or agree to issue Equity Securities if the Equity Securities will in themselves or when aggregated with the Equity Securities issued by the company during the previous 12 months, exceed 15% of the number of ordinary securities on issue at the commencement of that 12 month period.

Listing Rule 7.4 states that an issue by a company of securities made without approval under Listing Rule 7.1 is treated as having been made with approval for the purpose of Listing Rule 7.1 if the issue did not breach Listing Rule 7.1 and the company's members subsequently approve it.

Resolution 4 seeks Shareholder approval under ASX Listing Rule 7.4 to ratify the past issue of Shares. The Company confirms that the issue of the Shares the subject of

Resolution 4 did not breach ASX Listing Rule 7.1. The Company issued 41,891,333 Shares to Employees under the Company's short term incentive plan, within the Company's placement capacity.

None of the recipients of the Shares was a related party of the Company within the meaning of the Corporations Act and the ASX Listing Rules.

The effect of the approval under ASX Listing Rule 7.4 of the past issue of Shares will be that the Shares will not be counted as reducing the number of securities which the Company can issue in the future without shareholder approval under the 15% placement limit imposed by ASX Listing Rule 7.1 (i.e. the 15% limit is "renewed" to the extent of the approval).

### **6.3 Effect on capital of the Company**

The Shares the subject of this Resolution comprise 0.81% of the Company's fully-diluted share capital (based on the number of Shares, Performance Rights and Options on issue as at the date of this Notice of Meeting).

### **6.4 Shareholder Approval**

ASX Listing Rule 7.5 contains certain requirements as to the contents of a notice sent to Shareholders for the purposes of ASX Listing Rule 7.4 and the following information is included in this Explanatory Statement for this purpose:

- (a) the number, issue price, issue date and recipients of the Shares issued by the Company is 41,891,333 Shares at nil consideration to Employees under the Company's short term incentive plan on 17 September 2019;
- (b) the purpose of the issue of the Shares was to satisfy the Company's obligations pursuant to its short term incentive plan;
- (c) the Shares issued were fully paid ordinary shares which ranked equally with all other existing Shares from their date of issue; and
- (d) a voting exclusion statement for this Resolution is included in the Notice.

### **6.5 Board Recommendation**

The Board of Directors recommends that Shareholders vote in favour of Resolution 4. The Chair of the meeting intends to vote undirected proxies in favour of this Resolution.

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## **6. RESOLUTIONS 5 TO 8 – APPROVAL TO ISSUE INCENTIVE OPTIONS TO DIRECTORS**

The Company has agreed, subject to obtaining Shareholder approval, to issue a total of 350,000,000 Options under the Company's Plan (**Incentive Options**) to Directors Hamish Bohannan, Craig Munro, Andrew Wilson and Tan Hwa Poh (**Related Parties**) as set out below.

### **6.1 Chapter 2E of the Corporations Act**

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and

(b) give the benefit within 15 months following such approval,

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

The issue of the Incentive Options constitutes giving a financial benefit. Hamish Bohannon, Craig Munro, Andrew Wilson and Tan Hwa Poh are related parties of the Company by virtue of being Directors of the Company.

It is the view of the Company that the exceptions set out in sections 210 to 216 of the Corporations Act may, but do not necessarily, apply in the current circumstances. Accordingly, out of prudence, Shareholder approval is sought for the issue of Incentive Options to the relevant Related Parties or their nominees for the purposes of section 208 of the Corporations Act.

## **6.2 ASX Listing Rule 10.14**

In addition, ASX Listing Rule 10.14 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities under an employee incentive scheme to a director of the entity, an associate of the director, or a person whose relationship with the entity, director or associate of the director is, in ASX's opinion, such that approval should be obtained (**LR 10.14 Person**), unless an exception applies.

It is the view of the Company that the exceptions set out in Listing Rule 10.15B do not apply in the current circumstances. Accordingly, Shareholder approval is sought for the issue of Incentive Options to the relevant Related Parties or their nominees for the purposes of ASX Listing Rule 10.14.

## **6.3 Section 195(4) of the Corporations Act**

Each of the Directors has a material personal interest in the outcome of Resolutions 5 to 8 (as applicable to each Director) in this Notice of Meeting by virtue of the fact that Resolutions 5 to 8 are concerned with the issue of Incentive Options to Directors.

Section 195 of the Corporations Act essentially provides that a director of a public company may not vote or be present during meetings of directors when matters in which that director holds a material personal interest are being considered.

In the absence of Shareholder approval under section 195(4) of the Corporations Act, the Directors may not be able to form a quorum at Board meetings necessary to carry out the terms of these Resolutions.

The Directors have accordingly exercised their right under section 195(4) of the Corporations Act to put the issue to Shareholders to determine.

## **6.4 Sections 200B and 200E of the Corporations Act**

The Plan, approved by Shareholders on 13 September 2019, gives the Board discretion to determine, where a participant ceases employment in certain circumstances or a Change of Control occurs before the vesting or exercise of their Awards, that some or all of the Awards do not lapse.

In accordance with the terms set out in Schedule 1, the Incentive Options to be issued under Resolutions 5 to 8 will automatically vest on the respective Director's Retirement or where a Change of Control occurs.

Shareholder approval is sought for the Directors to be given any such benefit in connection with his retirement from office or employment with the Company if that occurs within 3 years of the date of this Meeting.

If Shareholder approval is given under Resolutions 5 to 8, the Company will still be required to comply with Listing Rules 10.18 and 10.19, which place restrictions on the circumstances in which termination benefits can be paid and a cap on the value of termination benefits that can be paid to officers of the Company.

The value of the benefit will depend on the number of Incentive Options that may vest and the market value of the Shares at the time of automatic vesting.

## 6.5 Shareholder Approval (Chapter 2E of the Corporations Act and Listing Rule 10.15)

In accordance with the requirements of section 219 of the Corporations Act and ASX Listing Rule 10.15, the following information is provided in relation to the proposed issue of Incentive Options:

- (a) the related parties are Hamish Bohannan, Craig Munro, Andrew Wilson and Tan Hwa Poh and they are each related parties by virtue of being Directors. If any Incentive Options are to be issued to a nominee of a Related Party, such nominee will be a related party by virtue of being an entity controlled by that Related Party;
- (b) the maximum number of Incentive Options (being the nature of the financial benefit being provided) to be issued to each of the Related Parties is:
  - (i) 125,000,000 Incentive Options to Hamish Bohannan or nominee;
  - (ii) 95,000,000 Incentive Options to Craig Munro or nominee;
  - (iii) 65,000,000 Incentive Options to Andrew Wilson or nominee; and
  - (iv) 65,000,000 Incentive Options to Tan Hwa Poh or nominee;
- (c) the Incentive Options will be issued for nil cash consideration, accordingly no funds will be raised by their issue;
- (d) no Incentive Options have been issued pursuant to the Plan to LR 10.14 Persons;
- (e) the Directors, currently comprising Hamish Bohannan, Craig Munro, Andrew Wilson and Tan Hwa Poh, are entitled to participate in the Plan;
- (f) no loan will be provided to the Related Parties with respect to the Incentive Options;
- (g) the Incentive Options are to be issued to the Related Parties no later than 12 months after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated all Incentive Options will be issued on one date;
- (h) the terms and conditions of the Incentive Options, including their exercise price, expiry date and vesting conditions, are set out in Schedule 1;
- (i) the value of the Incentive Options is \$0.0038 per Incentive Option and the valuation methodology is set out in Schedule 2;
- (j) the relevant interests of the Related Parties in securities of the Company (as at the date of this Notice) are set out below:



Related Party	Shares	Options	Performance Rights
Hamish Bohannan	62,923,683	30,000,000 <sup>2</sup>	39,583,500
Craig Munro	32,916,666	10,000,000 <sup>1</sup>	13,666,667
Andrew Wilson	30,683,333	10,000,000 <sup>3</sup>	9,700,000
Tan Hwa Poh	152,083,333	Nil	Nil

**Notes:**

- 1 Comprising 10 million unlisted options exercisable at \$0.02 expiring on 5 September 2021.
- 2 Comprising 30 million unlisted options exercisable at \$0.02 expiring on 5 September 2021.
- 3 Comprising 10 million unlisted options exercisable at \$0.02 expiring on 5 September 2021.

- (k) the remuneration and emoluments from the Company to each of the Related Parties for the previous financial year and the proposed remuneration and emoluments for the current financial year are set out below:

Related Party	Previous Financial Year ended 30 June 2019 <sup>1</sup>	Current Financial Year ending 30 June 2020 (estimate)
Hamish Bohannan	\$484,760	\$350,000
Craig Munro	\$150,823	\$150,000
Andrew Wilson	\$87,083	\$85,000
Tan Hwa Poh	\$49,583	\$85,000

**Notes:**

- 1 Excludes share based payments. For further information regarding the remuneration packages please refer to the Company's statutory accounts as announced on ASX on 27 September 2019.

- (l) if all Incentive Options issued to the Related Parties are exercised, a total of 350,000,000 Shares would be issued. This will increase the number of Shares on issue from 5,044,848,331 to 5,394,848,331 (assuming that no other Shares are issued in the meantime), with the effect that the shareholding of existing Shareholders would be diluted by an aggregate of 6.49%, comprising 2.32% by Hamish Bohannan, 1.76% by Craig Munro, 1.20% by Andrew Wilson and 1.20% by Tan Hwa Poh;

- (m) some details of the trading history of the Shares on ASX in the 12 months before the date of this Notice is set out below:

	Price	Date
Highest	\$0.007	23 September 2019
Lowest	\$0.005	11 July 2019
Last	\$0.006	8 October 2019

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- (n) the Board acknowledges the issue of Incentive Options to those Related Parties who are non-executive Directors is contrary to Recommendation 8.2 of The Corporate Governance Principles and Recommendations (4th Edition) as published by The ASX Corporate Governance Council. However, the Board considers the issue of Incentive Options to non-executive Directors reasonable in the circumstances having regard to the size and level of operations of the Company, its cash reserves and importance to the Company of attracting and retaining non-executive Directors in a manner which does not unduly impact on the Company's cash resources;
  - (o) a primary purpose of the issue of the Incentive Options to the Related Parties is to provide a performance linked incentive component in the overall remuneration package for each Related Parties to motivate and reward the performance of the Related Party in their respective roles as Directors and to assist the Company in retaining their services and expertise in a manner which does not unduly impact on the cash reserves of the Company;
  - (p) except as specified above, no other Director has a personal interest or other interest in the outcome of Resolutions 5 to 8;
  - (q) each of the Directors have a material personal interest in the outcome of Resolutions 5 to 8 and accordingly do not make a voting recommendation to Shareholders; and
  - (r) the Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolutions 5 to 8.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Incentive Options to the Related Parties or their nominees as approval is being obtained under ASX Listing Rule 10.14. Accordingly, the issue of Incentive Options to the Related Parties or their nominees will not be included in the 15% calculation of the Company's 12-month capacity to issue Shares or other securities without shareholder approval pursuant to ASX Listing Rule 7.1

#### **6.6 Listing Rule 10.19**

Listing Rule 10.19 provides that without the approval of shareholders, 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 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.

The Company is also seeking Shareholder approval for the purposes of Listing Rule 10.19. As noted in section 6.4 of this Notice, in certain circumstances, including where the Incentive Option holder's appointment is terminated, the Board has the discretion to waive vesting conditions attached to the Incentive Options issued under the Plan in accordance with the rules of the Plan.

The value of the termination benefit payable to the Directors under Resolutions 5 to 8 depend on several factors, including:

- (a) the circumstances in which the Director(s) ceases employment and the extent to which they served the applicable notice period;
- (b) the Director's base salary at the time the Incentive Options were issued and the time the Director ceased employment;

- (c) the Director's length of service and the portion of performance achieved that has occurred at the time they cease employment;
- (d) the number of unvested Incentive Options that the Director holds at the time they cease employment and the number of Incentive Options the Board determines to vest, lapse or leave on foot;
- (e) the market value of Shares when the value of any equity-based termination entitlements is determined, and the terms of those entitlements (including performance conditions); and
- (f) any other factors the Board considers relevant when exercising its discretion, including where appropriate its assessment of the performance of the Director up to the date of cessation.

Accordingly, it is possible that the provision of the benefit associated with the vesting of Incentive Options may exceed 5% of the equity interests of the Company at the relevant time.

## 7. RESOLUTIONS 9 TO 12 – APPROVAL FOR THE ISSUE OF PERFORMANCE RIGHTS TO THE PARTICIPATING DIRECTORS

### 7.1 Background

Resolutions 9 to 12 seek Shareholder approval for the issue of Performance Rights, under the Plan, to Managing Director, Mr Hamish Bohannan; Non-Executive Chairman, Mr Craig Munro; Non-Executive Director, Mr Andrew Wilson and Non-Executive Director, Mr Tan Hwa Poh (**Participating Directors**) as set out in the table below.

The number of Performance Rights to be issued, subject to Shareholders approving Resolutions 9 to 12, have been calculated using the following formula:

$$N = \frac{TFR \times Y\%}{V}$$

Where:

- N the number of Performance Rights to be offered.
- TFR total fixed remuneration (**TFR**) of the relevant Participating Director as at 1 July 2019.
- V the market value of a Share as at 1 July 2019, based on the last ASX closing price being \$0.006.
- Y the percentage of TFR to be awarded in Performance Rights, as determined by the Board, being 50% for Mr Hamish Bohannan and 40% for the other Participating Directors.

Director	Total Fixed Remuneration ("TFR")	% of TFR awarded in Performance Rights	Closing Price	Performance Rights to be issued
H Bohannan	\$350,000	50%	\$0.006	29,166,667
C Munro	\$150,000	40%	\$0.006	10,000,000
A Wilson	\$85,000	40%	\$0.006	5,666,667
T Poh	\$85,000	40%	\$0.006	5,666,667
<b>Total</b>				<b>50,500,001</b>

The Performance Rights are subject to a Vesting Condition that the Company achieves Total Shareholder Return (**TSR**) during the financial year ending 30 June 2020 (**Performance Period**) that places the Company at or above the 70<sup>th</sup> percentile of a comparative group of 9 ASX listed mining companies as selected by the Board (**Comparator Group**). A pro-rata proportion of the Performance Rights will become capable of vesting if the Company's TSR for the Performance Period is less than the 70<sup>th</sup> percentile but at least equal to the 50<sup>th</sup> percentile for Comparator Group's TSR, as detailed below.

Company's TSR Performance relative to Comparator Group TSR during the Performance Period	% of Performance Rights that can vest*
Less than 50 <sup>th</sup> percentile	Nil
At or above 50 <sup>th</sup> percentile but less than 60 <sup>th</sup> percentile	50%
At or above 60 <sup>th</sup> percentile but less than 70 <sup>th</sup> percentile	75%
At or above 70 <sup>th</sup> percentile	100%

\*For the avoidance of doubt, the table is a guide only and does not prevent the Board (in its absolute discretion) determining what percentage of Performance Rights vest.

Following the end of the Performance Period, the Board will determine the Performance Rights that are capable of becoming vested, based on the Company TSR performance and the above table (**Eligible Performance Rights**), which will then vest in three equal tranches (subject to the terms of the Plan) as follows:

Tranche	Proportion of Eligible Performance Rights	Vesting Date
1	One-third	One year after the issue date
2	One-third	Two years after the issue date
3	One-third	Three years after the issue date

Vested Performance Rights may be exercised, at the election of the holder, up until the expiry date of the Performance Rights, which is four (4) years after the issue date of the Performance Rights (**Expiry Date**). Each Performance Right can be exercised into one Share, subject to any adjustment under the terms of the Plan.

Performance Rights that the Board determines are not capable of vesting in accordance with the above Vesting Condition will lapse upon that determination being made.

## 7.2 Listing Rule 10.14

Listing Rule 10.14 provides that a listed company must not issue securities under an employee incentive scheme to a director of the company without Shareholder approval.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Performance Rights to the Related Parties or their nominees as approval is being obtained under ASX Listing Rule 10.14. Accordingly, the issue of Performance Rights to the Participating Directors or their nominees will not be included in the 15% calculation of the Company's 12-month capacity to issue Shares or other securities without shareholder approval pursuant to ASX Listing Rule 7.1. Under Resolutions 9 to 12 the Company seeks approval from Shareholders for the issue of Performance Rights to the Participating Directors, who by virtue of their positions as Directors of the Company are related parties of the Company.

In compliance with the information requirements of Listing Rule 10.15, Shareholders are advised of the following information:

(a) **Nature of relationship between allottees and the Company**

The Performance Rights under Resolution 10 are proposed to be issued to Mr Hamish Bohannan. Mr Hamish Bohannan is the Managing Director of the Company and, as such, is a related party of the Company.

The Performance Rights under Resolution 11 are proposed to be issued to Mr Craig Munro. Mr Craig Munro is the Non-Executive Chairman of the Company and, as such, is a related party of the Company.

The Performance Rights under Resolution 12 are proposed to be issued to Mr Andrew Wilson. Mr Andrew Wilson is a Non-Executive Director of the Company and, as such, is a related party of the Company.

The Performance Rights under Resolution 13 are proposed to be issued to Mr Tan Hwa Poh. Mr Tan Hwa Poh is a Non-Executive Director of the Company and, as such, is a related party of the Company.

(b) **Details of the maximum number of Performance Rights that may be issued**

The maximum number of Performance Rights that may be issued to Mr Hamish Bohannan (or his nominee) under Resolution 9 is 29,166,667.

The maximum number of Performance Rights that may be issued to Mr Craig Munro (or his nominee) under Resolution 10 is 10,000,000.

The maximum number of Performance Rights that may be issued to Mr Andrew Wilson (or his nominee) under Resolution 11 is 5,666,667.

The maximum number of Performance Rights that may be issued to Mr Tan Hwa Poh (or his nominee) under Resolution 12 is 5,666,667.

(c) **Issue price**

There is no cash issue price for the Performance Rights.

(d) **Previous issues under the Plan**

At the date of this Notice of Meeting, no Performance Rights have been granted to any persons referred to in ASX Listing Rule 10.14 under the Plan.

(e) **Eligible participants under the Plan**

The eligible participants under the Plan as referred in ASX Listing Rule 10.14 are the Directors of the Company, which currently comprise Messrs Craig Munro, Hamish Bohannan, Andrew Wilson and Tan Hwa Poh. Any additional persons who become entitled to participate in the Plan after Resolutions 9 to 12 are approved and who are not named in this Notice of Meeting will not participate until approval is obtained under ASX Listing Rule 10.14.

(f) **Issue date**

The latest date that the Company will issue Performance Rights under Resolutions 9 to 12 will be no later than 12 months after the date of the Meeting.

(g) **Terms of any loan**

The Company will not be providing a loan in connection with the Participating Directors' acquisition of Performance Rights under the Plan.

(h) **Voting exclusion statement**

A voting exclusion statement for Resolutions 9 to 12 is included in the Notice of Meeting preceding this Explanatory Statement.

**7.3 Information required by the Corporations Act**

It is the view of the Directors, that the proposed issue of Performance Rights pursuant to Resolutions 9 to 12 constitutes the provision of a financial benefit to a related party.

In compliance with the information requirements of Section 219 of the Corporations Act, Shareholders are advised of the information below. Neither the Directors nor the Company are aware of any other information that would be reasonably required by Shareholders to make a decision in relation to the financial benefits contemplated by these Resolutions.

Accordingly, the Board has determined to seek Shareholder approval for the purposes of section 208 Corporations Act for the issue of the Performance Rights to the Participating Directors.

For the purposes of section 219 of the Corporations Act and ASIC Regulatory Guide 76, the following information is provided to Shareholders to enable them to assess the merits of Resolutions 9 to 12:

(a) **The related parties to whom Resolutions 9 to 12 would permit the benefit to be given:**

Hamish Bohannan, a Managing Director

Craig Munro, the Non-Executive Chairman

Andrew Wilson, a Non-Executive Director

Tan Hwa Poh, a Non-Executive Director

(b) **The nature of the financial benefit:**

The proposed financial benefits to be given are the issue of the issue of Performance Rights to Managing Director, Mr Hamish Bohannan (29,166,667), Non-Executive Chairman, Mr Craig Munro (10,000,000), Non-Executive Director, Mr Andrew Wilson (5,666,667) and Non-Executive Director, Mr Tan Hwa Poh (5,666,667) on the terms of which are set out in this Explanatory Statement.

(c) **Reasons for giving the benefit**

The Board independent of Mr Bohannan have determined that the issue of 29,166,667 Performance Rights to Mr Bohannan recognises the skills and value that Mr Bohannan will bring to the Company based on his past and current experience.

The Board independent of Mr Munro have determined that the issue of 10,000,000 Performance Rights to Mr Munro recognises the skills and value that Mr Munro will bring to the Company based on his past and current experience.

The Board independent of Mr Wilson have determined that the issue of 5,666,667 Performance Rights to Mr Wilson recognises the skills and value that Mr Wilson will bring to the Company based on his past and current experience.

The Board independent of Mr Tan Hwa Poh have determined that the issue of 5,666,667 Performance Rights to Mr Tan Hwa Poh recognises the skills and value that Mr Tan Hwa Poh will bring to the Company based on his past and current

experience.

(d) **Related parties' existing relevant interest**

Please refer to section 6.5 (j) above.

(e) **Total remuneration package per annum**

Please refer to section 6.5 (k) above.

(f) **Dilution**

The Company's issued share capital will not change as a result of the issue of Performance Rights to the Participating Directors. However, should all of the Performance Rights vest, a total of 50,500,001 Shares will be issued, which represents 1.0% of current total Shares on issue (5,044,848,331).

(g) **Valuation of the financial benefit to be given**

The Company has valued the Performance Rights the subject of Resolutions 9 to 12 using the Black-Scholes Model. The valuation of the Performance Rights calculated by the Black-Scholes Model is a function of the closing share price at the valuation date. The valuation of the Performance Rights has been prepared using the following assumptions:

- (i) Valuation Date: 8 October 2019
- (ii) Exercise Price: Nil
- (iii) Expiry Dates: Four (4) years after the issue date.;
- (iv) Expected life of the Performance Rights: 4 years
- (v) Current share price at date of valuation: \$0.006
- (vi) Dividend yield: Nil

Model input variables such as share price volatility and market interest rates have no effect on the valuation since no consideration is to be paid by the holder of the Performance Rights upon vesting. As such, the Performance Rights are valuable to the holder so long as there is some value in the underlying share. Therefore, the value of the Performance Rights is the 5 day VWAP for Shares as at the valuation date.

Based on the assumptions, it is considered that the estimated average value of the Performance Rights to be granted to the Participating Directors is \$0.006 per Performance Right, representing the following total value to the Participating Directors:

Directors	Performance Rights	Value of the Performance Rights
Hamish Bohannon	29,166,667	\$175,000
Craig Munro	10,000,000	\$60,000
Andrew Wilson	5,666,667	\$34,000
Tan Hwa Poh	5,666,667	\$34,000

The trading history of the Shares on ASX in the 12 months before the date of this Notice of Meeting is set out below:

	Price	Date
Highest closing price	\$0.012	11 October 2018
Lowest closing price	\$0.005	9 October 2019
Last closing price	\$0.006	8 October 2019

(h) **Corporate Governance:** the Board acknowledges the issue of Performance Rights to those Participating Directors who are non-executive Directors is



contrary to commentary in relation to Recommendation 8.2 of The Corporate Governance Principles and Recommendations (4<sup>th</sup> Edition) as published by The ASX Corporate Governance Council. However, the Board considers the issue of Performance Rights to non-executive Directors reasonable in the circumstances having regard to the size and level of operations of the Company, its cash reserves and importance to the Company of attracting and retaining non-executive Directors in a manner which does not unduly impact on the Company's cash resources.

- (i) **Personal Interests:** except as specified above, no other Director has a personal interest or other interest in the outcome of Resolutions 9 to 12.
- (j) **No Recommendation:** each of the Directors have a material personal interest in the outcome of Resolutions 9 to 12 and accordingly do not make a voting recommendation to Shareholders.
- (k) **Other Information:** The Directors are not aware of any other information that is reasonably required by Shareholders to allow them to make a decision on whether it is in the best interests of the Company to pass the Resolutions.

#### 7.4 Section 195(4) Corporations Act

Each of the Participating Directors has a material personal interest in the outcome of Resolutions 9 to 12 (as applicable to each Director) in this Notice of Meeting by virtue of the fact that Resolutions 9 to 12 are concerned with the issue of Performance Rights to Participating Directors.

Section 195 of the Corporations Act essentially provides that a director of a public company may not vote or be present during meetings of directors when matters in which that director holds a material personal interest are being considered.

In the absence of Shareholder approval under section 195(4) of the Corporations Act, the Directors may not be able to form a quorum at Board meetings necessary to carry out the terms of these Resolutions.

The Directors have accordingly exercised their right under section 195(4) of the Corporations Act to put the issue to Shareholders to determine.

#### 7.5 Sections 200B and 200E of the Corporations Act

The Plan gives the Board discretion to determine, where a participant ceases employment in certain circumstances or a Change of Control occurs before the vesting or exercise of their Performance Rights, that vesting conditions are waived, in whole or in part, so that some or all of the Performance Rights do not lapse.

Shareholder approval is sought for the Participating Directors to be given any such benefit in connection with his retirement from office or employment with the Company if that occurs within 3 years of the date of this Meeting.

The value of the benefit will depend on the number of Performance Rights that may vest and the market value of the Shares at the time of automatic vesting.

#### 7.6 Listing Rule 10.19

Listing Rule 10.19 provides that, without the approval of shareholders, 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 may become payable to all officers together exceed 5% of the equity interests of the entity as set out in the latest annual accounts given to the ASX under the Listing Rules.

The Company is seeking Shareholder approval for the purpose of Listing Rule 10.19 as, in certain circumstances, including where a Participating Director's appointment ceases, the Board has the discretion to waive Vesting Conditions attached to the Performance Rights issued under the Plan in accordance with the rules of the Plan.

The value of the termination benefit to a Participating Director in these circumstances depends on several factors, including:

- (a) the circumstances in which the Director(s) ceases office and the extent to which any applicable notice period was served;
- (b) the Director's base salary at the time the Performance Rights were issued and at the time the Director ceased office;
- (c) the Director's length of service and the portion of performance achieved that has occurred at the time they cease office;
- (d) the number of unvested Performance Rights that the Director holds at the time they cease office and the number of Performance Rights the Board determines vest, lapse or leave on foot;
- (e) the market value of Shares when the value of any equity-based termination entitlement is determined, and the terms of those entitlements (including Vesting Conditions); and
- (f) any other factors the Board considers relevant when exercising its discretion, including where appropriate its assessment of the performance of the Director up to the date of cessation.

Accordingly, it is possible that the provision of a termination benefit, being the accelerated vesting of Performance Rights issued to Participating Directors, may result in exceeding 5% of the equity interests of the Company at the relevant time. If Shareholders approve Resolutions 9 to 12, this will not result in a breach of Listing Rule 10.19.

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## GLOSSARY

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\$ means Australian dollars.

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

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

**Associate** has the meaning given to that term in the ASX Listing Rules.

**Associated Company** means a body corporate which:

- (a) is related (within the meaning of that expression in the Corporations Act) to the Company and which the Board determines shall participate in the Share Trust or Option Trust (as the case may be); or
- (b) the Board determines shall participate in the Share Trust or Option Trust (as the case may be) and in which the Company and/or subsidiary (within the meaning of that expression in the Corporations Act) of the Company.

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

**ASX Listing Rules** means the Listing Rules of ASX.

**Board** means the current board of directors of the Company.

**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 chair of the Meeting.

**Change of Control** means:

- (a) a bona fide takeover bid is declared unconditional and the bidder has acquired a relevant interest in at least 50.1% of the Company's issued Shares;
- (b) a court approves, under Section 411(4)(b) of the Corporations Act, a proposed compromise or arrangement (other than a compromise or arrangement with the Company's creditors) for the purposes of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with any other company or companies; or
- (c) in any other case, a person obtains voting power in the Company which the Board (which for the avoidance of doubt will comprise those Directors immediately prior to the person acquiring that voting power) determines, acting in good faith and in accordance with their fiduciary duties, is sufficient to control the composition of the Board.

**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 entity;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

**Company** means Gulf Manganese Corporation Limited (ACN 059 954 317).

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

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

**Directors** means the current directors of the Company.

**Equity Securities** has the meaning given to that term in the ASX Listing Rules.

**Explanatory Statement** means the explanatory statement and attaching annexures accompanying the Notice.

**Incentive Options** has the meaning given to that term in section 6 of the Notice.

**Key Management Personnel** has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

**Notice** or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

**Option** means an option to acquire a Share.

**Performance Right** means a performance right issued under the Plan.

**Plan** means the Company's long term incentive plan approved by Shareholders on 13 September 2019.

**Proxy Form** means the proxy form accompanying the Notice.

**Remuneration Report** means the remuneration report set out in the directors' report section of the Company's annual financial report for the year ended 30 June 2019.

**Retirement** has the meaning given in the Plan.

**Resolutions** means the resolutions set out in the Notice, 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 registered holder of a Share.

**VWAP** means Volume Weighted Average Price.

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

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## SCHEDULE 1 – TERMS AND CONDITIONS OF INCENTIVE OPTIONS

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The Incentive Options are issued subject to the terms and conditions of the Plan, and the following additional terms and conditions:

(a) **Entitlement**

Subject to any adjustment in accordance with the Plan, each Incentive Option entitles the holder to subscribe for one Share upon exercise of the Incentive Option. Shares issued on exercise of Awards rank equally with the then issued shares of the Company. The entitlement to be issued an Incentive Option is conditional on Shareholder approval being obtained.

(b) **Expiry Date**

Each Incentive Option will expire at 5:00 pm (WST) on the date 3 years after Shareholder approval for the Incentive Options is obtained (**Expiry Date**). An Incentive Option not validly exercised by the Expiry Date will automatically lapse on the Expiry Date

(c) **Exercise Price**

Subject to any adjustment in accordance with the Plan, the amount payable upon exercise of each Incentive Option will be a 50 % premium to the 5 day VWAP ending on the date before Shareholder approval for the Incentive Options is obtained (**Exercise Price**).

(d) **Vesting Conditions**

The Incentive Options are subject to the following vesting conditions:

- (i) one-third of the Incentive Options: completion of financing for the Company's first and second smelters in the Kupang manganese smelter hub (**First Smelters**);
- (ii) one-third of the Incentive Options: successful commissioning of the First Smelters;
- (iii) one-third of the Incentive Options: total aggregate sales of 5,000 tonnes of ferromanganese alloy from the First Smelters; and
- (iv) all of the Incentive Options: the average 30 consecutive day VWAP of the Company's Shares is equal to or greater than the Exercise Price. This vesting condition can only be satisfied once the relevant vesting condition for the Incentive Options (as detailed above) has been satisfied.

(e) **Automatic Vesting**

The vesting conditions for the Incentive Options are automatically waived in the event a Change of Control occurs or Retirement of the Relevant Person occurs in respect of the Incentive Options.

(f) **Participation Rights**

There are no participating rights or entitlements inherent in the Incentive Options and Incentive Option holders will not be entitled to participate in new issues of securities offered to Shareholders of the Company during the currency of the Incentive Options without exercising the Incentive Options.

- (i) In the event the Company proceeds with a pro rata issue (except a bonus issue) of securities to Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) after the date of issue of the Incentive Options, the exercise price of the Incentive Options will be reduced in accordance with the formula set out in the ASX Listing Rules.
- (ii) In the event of a bonus issue of Shares being made pro rata to Shareholders, (other than an issue in lieu of dividends), the number of Shares issued on exercise of each Incentive Option will include the number of bonus Shares that would have been issued if the Incentive Option had been exercised prior to the record date for the bonus issue. No adjustment will be made to the exercise price per Share of an Incentive Option.

(g) **Reorganisation**

If at any time the issued capital of the Company is reorganised, the rights of an Incentive Option holder are to be changed to the extent necessary to comply with the ASX Listing Rules applying to a reorganisation of capital at the time of the reorganisation.

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## SCHEDULE 2 – VALUATION OF INCENTIVE OPTIONS

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The Incentive Options to be issued to the Related Parties pursuant to Resolutions 5 to 8 have been valued by using the Trinomial Barrier Option pricing model.

The Trinomial Barrier Option pricing model is considered acceptable as a pricing model due to the vesting conditions of the Incentive Options. In determining the dollar value of the Incentive Options, the following assumptions were made:

- (d) the market price of Shares is \$0.006 per Share;
- (e) the current risk-free interest rate is 0.56%;
- (f) price volatility of the Shares during the life of the Incentive Options is expected to be 119%;
- (g) the Incentive Options will be exercisable at \$0.009 before they vest;
- (h) the remaining time to maturity is 3 years; and
- (i) the target Share price is \$0.009 before the Incentive Options vest.

Based on the six key assumptions listed above, and advice received from Nexia Perth Corporate Finance Pty Ltd, the Board has calculated the valuation per Incentive Option as \$0.0038.

On this basis, the implied value being received by the Related Parties in relation to the Incentive Options are as follows:

Hamish Bohannan	\$475,000
Craig Munro	\$361,000
Andrew Wilson	\$247,000
Tan Hwa Poh	\$247,000

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

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## PROXY FORM

**GULF MANGANESE CORPORATION LIMITED**  
**ACN 059 954 317**

### ANNUAL GENERAL MEETING

I/We

of:

being a Shareholder entitled to attend and vote at the Meeting, hereby appoint:

Name:

**OR:**  the Chair of the Meeting as my/our proxy.

or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit, at the Meeting to be held at Karstens Sydney, Level 1, 111 Harrington Street, Sydney 2000, New South Wales, on 19 November 2019 at 10.00 am (WST), and at any adjournment thereof.

#### AUTHORITY FOR CHAIR TO VOTE UNDIRECTED PROXIES ON REMUNERATION RELATED RESOLUTIONS

Where I/we have appointed the Chair as my/our proxy (or where the Chair becomes my/our proxy by default), I/we expressly authorise the Chair to exercise my/our proxy on Resolution 1 (except where I/we have indicated a different voting intention below) even though Resolutions 1 and 5 to 12 is connected directly or indirectly with the remuneration of a member of the Key Management Personnel, which includes the Chair. However, where the Chair is Related Party the subject of Resolutions 5 to 12, the Chair will be excluded from voting undirected proxies.

#### Voting on business of the Meeting

		FOR	AGAINST	ABSTAIN
Resolution 1	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Election of Director – Tan Hwa Poh	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Re-election of Director – Andrew Wilson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Ratification of Previous Securities Issue	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Approval to issue Incentive Options to Director – Hamish Bohannan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Approval to issue Incentive Options to Director – Craig Munro	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Approval to issue Incentive Options to Director – Andrew Wilson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8	Approval to issue Incentive Options to Director – Tan Hwa Poh	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 9	Approval to issue Performance Rights to Director – Hamish Bohannan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 10	Approval to issue Performance Rights to Director – Craig Munro	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 11	Approval to issue Performance Rights to Director – Andrew Wilson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 12	Approval to issue Performance Rights to Director – Tan Hwa Poh	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Please note:** If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

If two proxies are being appointed, the proportion of voting rights this proxy represents is: \_\_\_\_\_ %

#### Signature of Shareholder(s):

##### Individual or Shareholder 1

Sole Director/Company Secretary

##### Shareholder 2

Director

##### Shareholder 3

Director/Company Secretary

Date: \_\_\_\_\_

Contact name: \_\_\_\_\_

Contact ph (daytime): \_\_\_\_\_

E-mail address: \_\_\_\_\_

Consent for contact by e-mail  
in relation to this Proxy Form:

YES  NO

## Instructions for completing Proxy Form

1. **(Appointing a proxy):** A Shareholder entitled to attend and cast a vote at the Meeting is entitled to appoint a proxy to attend and vote on their behalf at the Meeting. If a Shareholder is entitled to cast 2 or more votes at the Meeting, the Shareholder may appoint a second proxy to attend and vote on their behalf at the Meeting. However, where both proxies attend the Meeting, voting may only be exercised on a poll. The appointment of a second proxy must be done on a separate copy of the Proxy Form. A Shareholder who appoints 2 proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a Shareholder appoints 2 proxies and the appointments do not specify the proportion or number of the Shareholder's votes each proxy is appointed to exercise, each proxy may exercise one-half of the votes. Any fractions of votes resulting from the application of these principles will be disregarded. A duly appointed proxy need not be a Shareholder.
2. **(Direction to vote):** A Shareholder may direct a proxy how to vote by marking one of the boxes opposite each item of business. The direction may specify the proportion or number of votes that the proxy may exercise by writing the percentage or number of Shares next to the box marked for the relevant item of business. Where a box is not marked the proxy may vote as they choose subject to the relevant laws. Where more than one box is marked on an item the vote will be invalid on that item.
3. **(Signing instructions):**
  - **(Individual):** Where the holding is in one name, the Shareholder must sign.
  - **(Joint holding):** Where the holding is in more than one name, all of the Shareholders should sign.
  - **(Power of attorney):** If you have not already provided the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Form when you return it.
  - **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held. In addition, if a representative of a company is appointed pursuant to Section 250D of the Corporations Act to attend the Meeting, the documentation evidencing such appointment should be produced prior to admission to the Meeting. A form of a certificate evidencing the appointment may be obtained from the Company.
4. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.
5. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
  - (a) post to, T4, 152 Great Eastern Highway, Ascot WA 6104; or
  - (b) facsimile to the Company on facsimile number +61 8 9367 9229,
  - (c) by email to Ian Gregory on [info@gulfmanganese.com](mailto:info@gulfmanganese.com)

so that it is received not less than 48 hours prior to commencement of the Meeting (being, 10.00 am (WST) on 17 November 2019).

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