

9 November 2020

Dear Shareholders,

GENERAL MEETING – NOTICE AND PROXY FORM

Encounter Resources Limited's (**Encounter or the Company**) General Meeting is scheduled to be held at Level 7, 600 Murray Street, West Perth, Western Australia on 11 December 2020 at 10.00am (AWST) (**Meeting**).

Whilst Encounter intends to proceed with a physical Meeting as proposed, depending on the status of the evolving COVID-19 situation and Government restrictions on public gatherings in place at the time of the Meeting, the Directors may make a decision prior to the Meeting that Shareholders will not be able to attend the Meeting in person.

Accordingly, the Directors **strongly encourage all shareholders to lodge a directed proxy form prior to the Meeting and appoint the Chair as their proxy.**

The Australian government is implementing a wide range of measures to contain or delay the spread of COVID-19. If it becomes necessary or appropriate to make alternative arrangements to those set out in the Company's Notice of Meeting, the Company will notify Shareholders accordingly via the Company's website at www.enrl.com.au and the ASX Company's Announcement Platform at asx.com.au (ASX:ENR). Any Shareholders who plan to physically attend the Meeting should closely monitor these platforms for any updates from the Company in regard to attending the Meeting in person and alternative arrangements.

If Shareholders do not attend the Meeting in person, they will be able to participate by:

- (a) voting their Shares prior to the Meeting by lodging the enclosed proxy form attached to the Notice by no later than 10.00am (AWST) on Wednesday 9 December 2020, as per the instructions on the proxy form; and
- (b) lodging questions in advance of the Meeting by emailing the questions to the Chairman at contact@enrl.com.au by no later than 4 December 2020.

If, in response to Government restrictions on public gatherings, the Company puts in place alternative teleconference or online meeting facilities, detailed instructions on how to access such facilities, will be made available to Shareholders on the Company's website at www.enrl.com.au and the ASX Company's Announcement Platform at asx.com.au (ASX: ENR) prior to the Meeting.

In accordance with subsection 5(1)(f) of the *Corporations (Coronavirus Economic Response) Determination (No. 3) 2020*, the Company will not be dispatching physical copies of the Notice of Meeting and the accompanying Explanatory Statement (**Notice**). Instead, a copy of the Notice will be available electronically under the "ASX announcements" section of the Company's website at <https://www.encounterresources.com.au/investors/>.

As you have not elected to receive notices by email, a copy of your personalised proxy form is enclosed for your convenience.

If you have any difficulties obtaining a copy of the Notice, please contact the Company Secretary on (08) 9316 9100.

Sincerely,

Will Robinson
Managing Director



NOTICE OF GENERAL MEETING

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EXPLANATORY STATEMENT

To be held

At 10.00am (WST), Friday, 11 December 2020

at

Level 7, 600 Murray Street,
West Perth, WA 6005

9 November 2020

Dear Fellow Encounter Shareholder,

Please find enclosed the Notice of General Meeting for the Shareholders' Meeting to be held at Level 7, 600 Murray Street, West Perth WA 6005 at 10.00am (WST) on Friday, 11 December 2020.

The purpose of the Meeting is to seek shareholder approval in accordance with the Corporations Act 2001 and the Listing Rules of the ASX to a number of Resolutions, which are set out in the attached Notice of Meeting paper.

Your Directors seek your support and look forward to your attendance at the meeting.

Yours sincerely

Paul Chapman
Chairman

NOTICE OF GENERAL MEETING

Notice is hereby given that the General Meeting of Encounter Resources Limited will be convened at 10.00am WST on Friday, 11 December 2020 at Level 7, 600 Murray Street, West Perth WA 6005.

AGENDA

Resolution 1 – Ratification of Placement Shares – Listing Rule 7.1

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

“That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 31,578,930 Shares on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement:

The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who participated in the issue or is a counterparty to the agreement being approved or an associate of that person or those persons.

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

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

Resolution 2 – Ratification of Issue of Adviser Options – Listing Rule 7.1

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

“That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 1,500,000 Options on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement:

The Company will disregard any votes cast in favour of the Resolution by Euroz Hartleys, or associate of that person or those persons.

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

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

NOTICE OF GENERAL MEETING

Resolution 3 – Approval for Director to Participate in Share Placement – Paul Chapman

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

“That, for the purposes of Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 526,316 Shares to Paul Chapman (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement:

The Company will disregard any votes cast in favour of the Resolution by or on behalf of Paul Chapman (or their nominee) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person or those persons.

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

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

Resolution 4 – Approval for Director to Participate in Share Placement – Philip Crutchfield

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

“That, for the purposes of Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 526,316 Shares to Philip Crutchfield (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement:

The Company will disregard any votes cast in favour of the Resolution by or on behalf of Philip Crutchfield (or their nominee) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person or those persons.

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

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

NOTICE OF GENERAL MEETING

Resolution 5 – Approval for Director to Participate in Share Placement – Will Robinson

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

“That, for the purposes of Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 526,316 Shares to Will Robinson (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement:

The Company will disregard any votes cast in favour of the Resolution by or on behalf of Will Robinson (or their nominee) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person or those persons.

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

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

NOTICE OF GENERAL MEETING

OTHER BUSINESS

To deal with any other business which may be brought forward in accordance with the Constitution and the Corporations Act. Details of the definitions and abbreviations used in this Notice are set out in the Glossary to the Explanatory Statement.

VOTING

All Resolutions shall be conducted by poll.

Voting by proxy

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.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- 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 the member appoints two (2) proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Voting in person

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

You may still attend the Meeting and vote in person even if you have appointed a proxy. If you have previously submitted a Proxy Form, your attendance will not revoke your proxy appointment unless you actually vote at the Meeting for which the proxy is proposed to be used, in which case, the proxy's appointment is deemed to be revoked with respect to voting on that Resolution.

Please bring your personalised Proxy Form with you as it will help you to register your attendance at the Meeting. If you do not bring your Proxy Form with you, you can still attend the Meeting but representatives from the Company will need to verify your identity.

COVID-19 HEALTH RESTRICTIONS

The Company is continuously monitoring the ongoing COVID-19 pandemic and is directing particular attention to public health concerns and government limits on gatherings of people. The health and safety of shareholders, personnel and stakeholders remains the highest priority for the Company. In the event that restrictions on public gathering change, the Company will consider the circumstances and any necessary update as regards the meeting arrangements will be provided to shareholders on the Company's website at www.enrl.com.au and the ASX Company's Announcement Platform at asx.com.au (ASX:ENR). This may include the inability of shareholders to physically attend the Meeting.

Accordingly, the Directors strongly encourage all shareholders to lodge a directed proxy form prior to the Meeting and appoint the Chair as their proxy.

GENERAL NOTES

1. The Explanatory Statement to Shareholders attached to this Notice of General Meeting is hereby incorporated into and forms part of this Notice of General Meeting.
2. The Directors have determined in accordance with Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that, for the purposes of voting at the meeting, shares will be taken to be held by the registered holders at 5.00pm (WST) on 9 December 2020.

BY ORDER OF THE BOARD



Kevin Hart
COMPANY SECRETARY

Dated this 9th day of November 2020

EXPLANATORY STATEMENT

The purpose of the Explanatory Statement is to provide Shareholders with information concerning all of the Agenda Items in the Notice of General Meeting.

RESOLUTIONS 1 – RATIFICATION OF PLACEMENT SHARES - LISTING RULE 7.1

1.1 General

On 30 October 2020, the Company issued 31,578,930 Shares at an issue price of \$0.19 per Share (**Placement Shares**) to raise approximately \$6 million (**Placement**).

The 31,578,930 Shares were issued pursuant to the Company's capacity under Listing Rule 7.1 (being, the subject of Resolution 1).

The Company engaged the services of Euroz Hartleys Securities Limited (Euroz Hartleys), (AFSL 243302), to manage the issue of the Placement Shares. The Company has paid Euroz Hartleys a cash placement fee of \$252,090 (being, 4% of the amount raised by advisers from the issue of the Placement Shares and a 1% management fee of 1% of the total funds raised pursuant to the Placement). In addition, the Company issued Euroz Hartleys with 1,500,000 options for their services in relation to the placement (**Adviser Options**). Ratification of prior issue of the Adviser Options is sought pursuant to Resolution 2.

1.2 ASX Listing Rules 7.1

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

1.3 ASX Listing Rule 7.4

Listing Rule 7.4 allows the shareholders of a listed company to approve an issue of equity securities after it has been made or agreed to be made. If they do, the issue is taken to have been approved under Listing Rule 7.1 and so does not reduce the company's capacity to issue further equity securities without shareholder approval under that rule.

The Company wishes to retain as much flexibility as possible to issue additional equity securities in the future without having to obtain Shareholder approval for such issues under Listing Rule 7.1. Accordingly, the Company is seeking Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the Placement Shares.

The issue of the Placement Shares does not fit within any of the exceptions under Listing Rule 7.2 and, as it has not yet been approved by Shareholders, it effectively uses up part of the 15% limit in Listing Rule 7.1, reducing the Company's capacity to issue further equity securities without Shareholder approval under Listing Rule 7.1 for the 12 month period following the date of issue of the Placement Shares.

1.4 Technical information required by Listing Rule 14.1A

If Resolution 1 passed, the Placement Shares will be excluded in calculating the Company's 15% limit in Listing Rule 7.1, effectively increasing the number of equity securities the Company can issue without Shareholder approval over the 12 month period following the date of issue of the Placement Shares.

If Resolution 1 is not passed, the Placement Shares will be included in calculating the Company's 15% limit in Listing Rule 7.1, effectively decreasing the number of equity securities the Company can issue without Shareholder approval over the 12 month period following the date of issue of the Placement Shares.

EXPLANATORY STATEMENT

1.5 Technical information required by Listing Rule 7.5

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to Resolution 1:

- a) the Placement Shares were issued to professional and sophisticated investors who are clients of Euroz Hartleys or existing shareholders of the Company. The recipients were identified through a bookbuild process, which involved Euroz Hartleys seeking expressions of interest to participate in the capital raising from non-related parties of the Company. None of the recipients are related parties of the Company.

Silver Lake Resources Limited and Deutsche Balaton Aktiengesellschaft participated in the Placement. Both Silver Lake Resources Limited and Deutsche Balaton Aktiengesellschaft were substantial holders of the Company at the time;

- b) 31,578,930 Placement Shares were issued pursuant to Listing Rule 7.1 (ratification of which is sought under Resolution 1); and
- c) the Placement Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- d) the Placement Shares were issued on 30 October 2020;
- e) the issue price was \$0.19 per Placement Share. The Company has not and will not receive any other consideration for the issue of the Placement Shares;
- f) the purpose of the issue of the Placement Shares was to raise approximately \$6 million (before costs), which will be used to advance:
- o Copper-gold exploration in the Paterson Province of Western Australia;
 - o Copper exploration in the Northern Territory; and
 - o Accelerate gold and base metal project generation activities and provide working capital.

RESOLUTION 2 – RATIFICATION OF THE ISSUE OF ADVISER OPTIONS - LISTING RULE 7.1**2.1 General**

Pursuant to the terms of the engagement of Euroz Hartleys the Company issued a total of 1,500,000 options exercisable at \$0.228 each and expiring 30 October 2021.

The Adviser Options were valued using a Black and Scholes option valuation model at the date of issue and were attributed a deemed value of \$107,934.

2.2 Terms and conditions of Adviser Options

A summary of the terms and conditions of the Adviser Options is as follows:

- a) **Entitlement:** Each Option entitles the holder to subscribe for one Share upon exercise of the Option.
- b) **Exercise Price:** Subject to paragraph (k), the amount payable upon exercise of each Option will be \$0.228 (**Exercise Price**).
- c) **Expiry Date:** Each Option will expire at 5:00pm (WST) on 30 October 2021 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- d) **Exercise Period:** The Options are exercisable at any time and from time to time on or prior to the Expiry Date (**Exercise Period**).
- e) **Notice of Exercise:** The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate or as otherwise agreed with the Company (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

EXPLANATORY STATEMENT

- f) **Exercise Date:** A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).
- g) **Timing of issue of Shares on exercise:** Within 5 Business Days after the Exercise Date, the Company will:
- allot and issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
 - give ASX a notice that complies with section 708A(5)(e) of the Corporations Act; and
 - if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.
 - If the Company is unable to deliver a notice under paragraph (g)(ii) or such a notice for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must immediately lodge with ASIC a disclosure document prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.
- h) **Shares issued on exercise:** Shares issued on exercise of the Options rank equally with the then issued Shares of the Company.
- i) **Quotation of Shares issued on exercise:** If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Options.
- j) **Reconstruction of capital:** If at any time the issued capital of the Company is reconstructed, all rights of the holder are to be changed in a manner consistent with the Corporations Act and the Listing Rules at the time of the reconstruction.
- k) **Participation in new issues:** There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options, however the exercise price (or underlying number of securities into which the Options can be exercised):
- will, in the event of a pro-rata issue, be adjusted in accordance with the formula in ASX Listing Rule 6.22.2; and
 - will, in the event of a bonus issue, be adjusted in accordance with ASX Listing Rule 6.22.3.
- l) **Quotation of the Options:** The Company will not apply for quotation of the Options on the ASX.
- m) **Transferability of the Options:** The Options are transferable at the election of the holder subject to any restriction or escrow arrangements imposed by the ASX or under applicable Australian securities law.

2.3 Listing Rule 7.1

A summary of the provisions of ASX Listing Rule 7.1 is set out in section 1.2 above.

The issue of the Adviser Options does not fit within any of the exceptions and, as it has not yet been approved by Shareholders, it effectively uses up part of the 15% limit in Listing Rule 7.1, reducing the Company's capacity to issue further equity securities without Shareholder approval under Listing Rule 7.1 for the 12 month period following the date of issue of the Adviser Options.

Listing Rule 7.4 allows the shareholders of a listed company to approve an issue of equity securities after it has been made or agreed to be made. If they do, the issue is taken to have been approved under Listing Rule 7.1 or 7.1A (as appropriate) and so does not reduce the company's capacity to issue further equity securities without shareholder approval under that rule.

The Company wishes to retain as much flexibility as possible to issue additional equity securities in the future without having to obtain Shareholder approval. Accordingly, the Company is seeking Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the Adviser Options.

2.4 Technical information required by Listing Rule 14.1A

If Resolution 2 is passed, the Adviser Options will be excluded in calculating the Company's 15% limit in Listing Rule 7.1, effectively increasing the number of equity securities the Company can issue without Shareholder approval over the 12 month period following the date of issue of the Adviser Options.

ENCOUNTER RESOURCES LIMITED

ABN 47 109 815 796

EXPLANATORY STATEMENT

If Resolution 2 is not passed, the Adviser Options will be included in calculating the Company's 15% limit in Listing Rule 7.1, effectively decreasing the number of equity securities the Company can issue without Shareholder approval over the 12 month period following the date of issue of the Adviser Options.

2.5 Technical information required by Listing Rule 7.5

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to Resolution 2:

- a) Adviser Options were issued to Euroz Hartleys (and their nominees), who are not related parties of the Company.
- b) 1,500,000 Adviser Options were issued pursuant to Listing Rule 7.1 (ratification of which is sought under Resolution 2);
- c) the Adviser Options were issued on the specific terms and conditions as stated in section 2.2 above;
- d) the Adviser Options were issued on 30 October 2020; and
- e) the Adviser Options were issued in consideration for professional advisory services provided for nil cash consideration. The Company has not and will not receive any other consideration for the issue of the Adviser Options.

RESOLUTIONS 3, 4 AND 5 – PARTICIPATION IN SHARE PLACEMENT BY DIRECTORS

3.1 General

As announced on 23 October 2020, Paul Chapman, Philip Crutchfield and Will Robinson each wish to participate in the Placement on the same terms as unrelated participants in the Placement (the subject of Resolution 1) (Participation).

Accordingly, Resolutions 3, 4 and 5 seek Shareholder approval for the issue of a total of 1,578,948 Shares to Paul Chapman, Philip Crutchfield and Will Robinson (or their respective nominees), as a result of the Participation on the terms set out below.

3.2 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 Participation will result in the issue of Shares which constitutes giving a financial benefit and Paul Chapman, Philip Crutchfield and Will Robinson, are each related parties of the Company by virtue of being Directors.

The Directors (other than Paul Chapman, Philip Crutchfield and Will Robinson who have a material personal interest in Resolutions 3, 4 and 5, respectively) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the Participation because the Shares will be issued to Paul Chapman, Philip Crutchfield and Will Robinson (or their respective nominees) on the same terms as Shares issued to non-related party participants in the Placement and as such the giving of the financial benefit is on arm's length terms.

EXPLANATORY STATEMENT

3.3 Listing Rule 10.11

Listing Rule 10.11 provides that unless one of the exceptions in Listing Rule 10.12 applies, a listed company must not issue or agree to issue equity securities to a related party under Listing Rule 10.11.1 unless it obtains the approval of its shareholders.

The Participation falls within Listing Rule 10.11.1 and does not fall within any of the exceptions in Listing Rule 10.12. It therefore requires the approval of Shareholders under Listing Rule 10.11.

Resolutions 3, 4 and 5 seek Shareholder approval for the Participation under and for the purposes of Listing Rule 10.11.

3.4 Technical information required by Listing Rule 14.1A

If Resolutions 3, 4 and 5 are passed, the Company will be able to proceed with the issue of the Shares under the Participation within one month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules) and will raise additional funds which will be used in the manner set out in Section 1.5(f) above. As approval pursuant to Listing Rule 7.1 is not required for the issue of the Shares in respect of the Participation (because approval is being obtained under Listing Rule 10.11), the issue of the Shares will not use up any of the Company's 15% annual placement capacity.

If Resolutions 3, 4 and 5 are not passed, the Company will not be able to proceed with the issue of the Shares under the Participation and no further funds will be raised in respect of the Placement.

3.5 Technical Information required by Listing Rule 10.13

Pursuant to and in accordance with Listing Rule 10.13, the following information is provided in relation to Resolutions 3, 4 and 5:

- (a) the Shares will be issued to Paul Chapman, Philip Crutchfield and Will Robinson (or their respective nominees), who fall within the category set out in Listing Rule 10.11.1, as Paul Chapman, Philip Crutchfield and Will Robinson are each a related party of the Company by virtue of being Directors;
- (b) the maximum number of Shares to be issued to Paul Chapman, Philip Crutchfield and Will Robinson (or their respective nominees) is 1,578,948, specifically:
 - (i) 526,316 Shares will be issued to Paul Chapman
 - (ii) 526,316 Shares will be issued to Philip Crutchfield; and
 - (ii) 526,316 Shares will be issued to Will Robinson;
- (c) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Shares will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is anticipated the Shares will be issued on the same date;
- (e) the issue price will be \$0.19 per Share, being the same issue price as Shares issued to other participants in the Placement. The Company will not receive any other consideration for the issue of the Shares;
- (f) the purpose of the issue of Shares under the Participation is to raise capital, which the Company intends to use in the manner set out in Section 1.5(f) above;
- (g) the Shares to be issued under the Participation are not intended to remunerate or incentivise the Directors.

Proxy Voting Form

If you are attending the meeting in person, please bring this with you for Securityholder registration.

Holder Number:

Your proxy voting instruction must be received by **10.00am (WST) on Wednesday, 9 December 2020**, being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

SUBMIT YOUR PROXY

Complete the form overleaf in accordance with the instructions set out below.

YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: <https://investor.automic.com.au/#/home> Shareholders sponsored by a broker should advise their broker of any changes.

STEP 1 – APPOINT A PROXY

If you wish to appoint someone other than the Chair of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chair of the Meeting will be appointed as your proxy by default.

DEFAULT TO THE CHAIR OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chair of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chair of the Meeting will be voted according to the instructions set out in this Proxy Voting Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

STEP 2 - VOTES ON ITEMS OF BUSINESS

You may direct your proxy how to vote by marking one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services.

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 Shareholders should sign.

Power of attorney: If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Voting Form when you return it.

Companies: To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

Email Address: Please provide your email address in the space provided.

By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at <https://automic.com.au>.

Lodging your Proxy Voting Form:

Online:

Use your computer or smartphone to appoint a proxy at

<https://investor.automic.com.au/#/login>

or scan the QR code below using your smartphone

Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting Form.



BY MAIL:

Automic
GPO Box 5193
Sydney NSW 2001

IN PERSON:

Automic
Level 5, 126 Phillip Street
Sydney NSW 2000

BY EMAIL:

meetings@automicgroup.com.au

BY FACSIMILE:

+61 2 8583 3040

All enquiries to Automic:

WEBCHAT: <https://automicgroup.com.au/>

PHONE: 1300 288 664 (Within Australia)
+61 2 9698 5414 (Overseas)

