

27 October 2021

Dear Shareholders,

**ANNUAL GENERAL MEETING – NOTICE AND PROXY FORM**

Encounter Resources Limited's (**Encounter or the Company**) 2021 Annual General Meeting is scheduled to be held at The Epworth Room, Trinity on Hampden, 230 Hampden Road, Crawley, Western Australia on Friday 26 November 2021 at 10.00am (AWST) (**Meeting**).

In accordance with the *Treasury Laws Amendment (2021 Measures No. 1) Act 2021* (Cth), the Company will not be sending physical copies of the Notice of Meeting, and accompanying Explanatory Statement and Schedules (**Meeting Materials**), to shareholders who have not previously opted in to receiving electronic copies (unless physical copies are requested). Instead, a copy of the Notice of Meeting will be available electronically under the "ASX announcements" section of the Company's website at [www.encounterresources.com.au/investors/](http://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.

Accordingly, the Directors **strongly encourage all Shareholders to lodge their directed proxy votes prior to the Meeting and appoint the Chair as their proxy** in accordance with the instructions set out in the proxy form. All voting at the Meeting will be conducted by poll.

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

- (a) voting prior to the Meeting by lodging the enclosed proxy form attached to the Notice of Meeting by no later than 10.00am (AWST) on 24 November 2021, 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](mailto:contact@enrl.com.au) by no later than 24 November 2021.

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.

The Federal and State Governments are 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 Meeting Materials, the Company will notify Shareholders accordingly via the Company's website at [www.enrl.com.au](http://www.enrl.com.au) and the ASX Company's Announcement Platform at [asx.com.au](http://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 you have any difficulties obtaining a copy of the Meeting Materials, please contact the Company Secretary on (08) 9316 9100.

Encounter shareholders who wish to update their details to be able to receive communications and notices electronically can do so by visiting the Company's share registry website at <https://investor.automic.com.au> and registering an account.

Sincerely,



**Will Robinson**  
Managing Director



# **NOTICE OF ANNUAL GENERAL MEETING**

**&**

# **EXPLANATORY STATEMENT**

**To be held**

At 10.00am (WST), Friday, 26 November 2021

**at**

The Epworth Room, Trinity on Hampden,  
230 Hampden Road, Crawley WA 6009

13 October 2021

Dear Fellow Encounter Shareholder,

Please find enclosed the Notice of Annual General Meeting for the Shareholders' Meeting to be held at The Epworth Room, Trinity on Hampden, 230 Hampden Road, Crawley WA 6009 at 10.00am (WST) on Friday, 26 November 2021.

Trinity on Hampden offers limited complimentary parking for attendees. Please ensure you display a valid parking permit (issued by Trinity reception) at all times. Free parking is also available on Hampden Road up to a maximum of three hours.

The purpose of the Meeting is to conduct the annual business of the Company, being consideration of the annual financial statements, the Remuneration Report and in addition 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.

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

Yours sincerely

**Paul Chapman**  
Chairman

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Encounter Resources Limited will be convened at 10.00am WST on Friday, 26 November 2021 at The Epworth Room, Trinity on Hampden, 230 Hampden Road, Crawley WA 6009.

**AGENDA**

**1. Discussion of Financial Statements and Reports**

To discuss the Financial Report, the Directors' Report and Auditor's Report for the year ended 30 June 2021.

**2. Adoption of the Remuneration Report**

To consider and, if thought fit, to pass the following Resolution as an **advisory resolution**:

***"That, for the purpose 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 2021."***

*Voting Prohibition Statement*

*The Company will disregard any votes cast on Agenda Item 2 by, or on behalf of, a Restricted Voter. However, the Company need not disregard a vote if:*

- (a) it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the proposed Resolution; and*
- (b) it is not cast on behalf of a Restricted Voter.*

*Further, a Restricted Voter who is appointed as a proxy will not vote on Agenda Item 2 unless:*

- (a) the appointment specifies the way the proxy is to vote on that Resolution; or*
- (b) the proxy is the Chair of the Meeting and the 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 Key Management Personnel. Shareholders should note that the Chair intends to vote any undirected proxies in favour of Agenda Item 2. Shareholders may also choose to direct the Chair to vote against Agenda Item 2, or to abstain from voting.*

**3. Re-election of Director – Jon Hronsky**

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

***"That, Dr Jon Hronsky, being a Director of the Company, who retires in accordance with the Company's Constitution and ASX Listing Rule 14.4, and being eligible, offers himself for re-election, be re-elected as a Director."***

**4. Approval of Additional 10% Placement Capacity**

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

***"That, for the purpose of ASX Listing Rule 7.1A and all other purposes, approval is given for the allotment and issue of Equity Securities totalling up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with ASX Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Statement."***

*Voting Exclusion Statement*

*As at the date of this Notice, the Company is not proposing to make an issue of Equity Securities under Listing Rule 7.1A. Accordingly, a voting exclusion statement is not included in this Notice.*

## NOTICE OF ANNUAL GENERAL MEETING

## AGENDA (CONTINUED)

**5. Adoption of Encounter Resources Limited Employee Share Option Plan**

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

***“That, for the purpose of ASX Listing Rule 7.2 (Exception 13) and for all other purposes, approval is given for the Company to issue up to 15,812,826 securities, (being 5% of the issued capital of the Company at the date of this Notice of Meeting), under the employee incentive option scheme known as the “Encounter Resources Limited Employee Share Option Plan” the rules of which are summarized and annexed as Schedule 1 to the Explanatory Statement.”***

Voting Exclusion Statement

The Company will disregard any votes cast in favour of Agenda Item 5 by, or on behalf of, any person who is eligible to participate in the Employee Share Option Plan, 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 of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
  - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Voting Prohibition Statement

A Restricted Voter who is appointed as a proxy will not vote on Agenda Item 5 unless:

- (a) the appointment specifies the way the proxy is to vote on that Resolution; or
- (b) the proxy is the Chair of the Meeting and the 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 Key Management Personnel. Shareholders should note that the Chair intends to vote any undirected proxies in favour of Agenda Item 5. Shareholders may also choose to direct the Chair to vote against Agenda Item 5, or to abstain from voting.

**6. Approval of the Grant of Options in Lieu of Director Fees to Director – Mr Paul Chapman**

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

***“That, for the purposes of section 195(4) and section 208 of the Corporations Act, ASX Listing Rule 10.11, and for all other purposes, approval is given for the issue of up to 450,000 Fee Options to Mr Paul Chapman (or his nominee) to subscribe for ordinary shares in the Company, in accordance with the terms and conditions set out in the Explanatory Statement.”***

Voting Exclusion Statement

The Company will disregard any votes cast in favour of Agenda Item 6 by, or on behalf of, Mr Paul Chapman 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 entity), 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 of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or

NOTICE OF ANNUAL GENERAL MEETING

AGENDA (CONTINUED)

6. **Approval of the Grant of Options in Lieu of Director Fees to Director – Mr Paul Chapman (Continued)**

- (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.*

Voting Prohibition Statement

*A Restricted Voter who is appointed as a proxy will not vote on Agenda Item 6 unless:*

- (a) *the appointment specifies the way the proxy is to vote on that Resolution; or*
- (b) *the proxy is the Chair of the Meeting and the 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 Key Management Personnel. Shareholders should note that the Chair intends to vote any undirected proxies in favour of Agenda Item 6. Shareholders may also choose to direct the Chair to vote against Agenda Item 6, or to abstain from voting.*

7. **Approval of the Grant of Options in Lieu of Director Fees to Director – Mr Philip Crutchfield**

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

***“That, for the purposes of section 195(4) and section 208 of the Corporations Act, ASX Listing Rule 10.11, and for all other purposes, approval is given for the issue of up to 450,000 Fee Options to Mr Philip Crutchfield (or his nominee) to subscribe for ordinary shares in the Company, in accordance with the terms and conditions set out in the Explanatory Statement.”***

Voting Exclusion Statement

*The Company will disregard any votes cast in favour of Agenda Item 7 by, or on behalf of, Mr Philip Crutchfield 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 entity), 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 of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or*
- (c) *a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:*
  - (i) *the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and*
  - (ii) *the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.*

Voting Prohibition Statement

*A Restricted Voter who is appointed as a proxy will not vote on Agenda Item 7 unless:*

- (a) *the appointment specifies the way the proxy is to vote on that Resolution; or*
- (b) *the proxy is the Chair of the Meeting and the 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 Key Management Personnel. Shareholders should note that the Chair intends to vote any undirected proxies in favour of Agenda Item 7. Shareholders may also choose to direct the Chair to vote against Agenda Item 7, or to abstain from voting.*

## NOTICE OF ANNUAL GENERAL MEETING

## AGENDA (CONTINUED)

**8. Approval of the Grant of Incentive Options to Director – Mr Will Robinson**

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

***“That, for the purposes of section 195(4) and section 208 of the Corporations Act, ASX Listing Rule 10.11, and for all other purposes, approval is given for the issue of up to 450,000 Incentive Options to Mr Will Robinson (or his nominee) to subscribe for ordinary shares in the Company, in accordance with the terms and conditions set out in the Explanatory Statement.”***

Voting Exclusion Statement

*The Company will disregard any votes cast in favour of Agenda Item 8 by, or on behalf of, Mr Will Robinson 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 entity), 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 of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or*
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:*
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and*
  - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.*

Voting Prohibition Statement

*A Restricted Voter who is appointed as a proxy will not vote on Agenda Item 8 unless:*

- (a) the appointment specifies the way the proxy is to vote on that Resolution; or*
- (b) the proxy is the Chair of the Meeting and the 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 Key Management Personnel. Shareholders should note that the Chair intends to vote any undirected proxies in favour of Agenda Item 8. Shareholders may also choose to direct the Chair to vote against Agenda Item 8, or to abstain from voting.*

**9. Approval of the Grant of Incentive Options to Director – Mr Peter Bewick**

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

***“That, for the purposes of section 195(4) and section 208 of the Corporations Act, ASX Listing Rule 10.11, and for all other purposes, approval is given for the issue of up to 180,000 Incentive Options to Mr Peter Bewick (or his nominee) to subscribe for ordinary shares in the Company, in accordance with the terms and conditions set out in the Explanatory Statement.”***

Voting Exclusion Statement

*The Company will disregard any votes cast in favour of Agenda Item 9 by, or on behalf of, Mr Peter Bewick 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 entity), 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 of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or*



NOTICE OF ANNUAL GENERAL MEETING

AGENDA (CONTINUED)

9. Approval of the Grant of Incentive Options to Director – Mr Peter Bewick (Continued)

- (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.

Voting Prohibition Statement

A Restricted Voter who is appointed as a proxy will not vote on Agenda Item 9 unless:

- (a) the appointment specifies the way the proxy is to vote on that Resolution; or
- (b) the proxy is the Chair of the Meeting and the 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 Key Management Personnel. Shareholders should note that the Chair intends to vote any undirected proxies in favour of Agenda Item 9. Shareholders may also choose to direct the Chair to vote against Agenda Item 9, or to abstain from voting.

10. Approval of the Grant of Incentive Options to Director – Mr Philip Crutchfield

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

***“That, for the purposes of section 195(4) and section 208 of the Corporations Act, ASX Listing Rule 10.11, and for all other purposes, approval is given for the issue of up to 180,000 Incentive Options to Philip Crutchfield (or his nominee) to subscribe for ordinary shares in the Company, in accordance with the terms and conditions set out in the Explanatory Statement.”***

Voting Exclusion Statement

The Company will disregard any votes cast in favour of Agenda Item 10 by, or on behalf of, Mr Philip Crutchfield 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 entity), 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 of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
  - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Voting Prohibition Statement

A Restricted Voter who is appointed as a proxy will not vote on Agenda Item 10 unless:

- (a) the appointment specifies the way the proxy is to vote on that Resolution; or
- (b) the proxy is the Chair of the Meeting and the 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 Key Management Personnel. Shareholders should note that the Chair intends to vote any undirected proxies in favour of Agenda Item 10. Shareholders may also choose to direct the Chair to vote against Agenda Item 10, or to abstain from voting.

## NOTICE OF ANNUAL GENERAL MEETING

## AGENDA (CONTINUED)

**11. Approval of the Grant of Incentive Options to Director – Mr Paul Chapman**

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

***“That, for the purposes of section 195(4) and section 208 of the Corporations Act, ASX Listing Rule 10.11, and for all other purposes, approval is given for the issue of up to 180,000 Incentive Options to Mr Paul Chapman (or his nominee) to subscribe for ordinary shares in the Company, in accordance with the terms and conditions set out in the Explanatory Statement.”***

Voting Exclusion Statement

*The Company will disregard any votes cast in favour of Agenda Item 11 by, or on behalf of, Mr Paul Chapman 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 entity), 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 of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or*
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:*
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and*
  - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.*

Voting Prohibition Statement

*A Restricted Voter who is appointed as a proxy will not vote on Agenda Item 11 unless:*

- (a) the appointment specifies the way the proxy is to vote on that Resolution; or*
- (b) the proxy is the Chair of the Meeting and the 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 Key Management Personnel. Shareholders should note that the Chair intends to vote any undirected proxies in favour of Agenda Item 11. Shareholders may also choose to direct the Chair to vote against Agenda Item 11, or to abstain from voting.*

**12. Approval of the Grant of Incentive Options to Director – Dr Jon Hronsky**

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

***“That, for the purposes of section 195(4) and section 208 of the Corporations Act, ASX Listing Rule 10.11, and for all other purposes, approval is given for the issue of up to 180,000 Incentive Options to Dr Jon Hronsky (or his nominee) to subscribe for ordinary shares in the Company, in accordance with the terms and conditions set out in the Explanatory Statement.”***

Voting Exclusion Statement

*The Company will disregard any votes cast in favour of Agenda Item 12 by, or on behalf of, Dr Jon Hronsky 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 entity), 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*

NOTICE OF ANNUAL GENERAL MEETING

AGENDA (CONTINUED)

12. Approval of the Grant of Incentive Options to Director – Dr Jon Hronsky (Continued)

- (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.*

*Voting Prohibition Statement*

*A Restricted Voter who is appointed as a proxy will not vote on Agenda Item 12 unless:*

- (a) *the appointment specifies the way the proxy is to vote on that Resolution; or*
- (b) *the proxy is the Chair of the Meeting and the 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 Key Management Personnel. Shareholders should note that the Chair intends to vote any undirected proxies in favour of Agenda Item 12. Shareholders may also choose to direct the Chair to vote against Agenda Item 12, or to abstain from voting.*

**NOTICE OF ANNUAL 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](http://www.enrl.com.au) and the ASX Company's Announcement Platform at [asx.com.au](http://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.

**NOTICE OF ANNUAL GENERAL MEETING**

**GENERAL NOTES**

1. With respect to Agenda Item 2, the vote on this item is advisory only and does not bind the Directors of the Company. However, the Board will take the outcome of the vote into consideration when reviewing the remuneration practices and policies of the Company.
2. The Explanatory Statement to Shareholders attached to this Notice of Annual General Meeting is hereby incorporated into and forms part of this Notice of General Meeting.
3. 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 24 November 2021.

**BY ORDER OF THE BOARD**



Dan Travers  
COMPANY SECRETARY

Dated this 13<sup>th</sup> day of October 2021

**EXPLANATORY STATEMENT**

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

Certain abbreviations and other defined terms are used throughout this Explanatory Statement. Defined terms are generally identifiable by the use of an upper case first letter. Details of the definitions and abbreviations are set out in the Glossary to the Explanatory Statement.

**1. Discussion of Financial Statements & Reports**

The Company's financial reports for the financial year ended 30 June 2021, together with the Directors' reports and the auditor's report are placed before the Annual General Meeting thereby giving Shareholders the opportunity to discuss those documents and to ask questions. The auditor will be attending the Annual General Meeting and will be available to answer any questions relevant to:

- the conduct of the audit;
- the preparation and content of the independent audit report;
- the accounting policies adopted by the Company in relation to the preparation of accounts; and
- the independence of the auditor in relation to the conduct of the audit.

Shareholders should consider these documents and raise any matters of interest with the Directors when this item is being considered.

**2. Adoption of Remuneration Report**

Section 250R(2) of the Corporations Act requires the Company to present to its Shareholders the Remuneration Report, as disclosed in the Company's Annual Report.

The Resolution is advisory only and does not bind the Directors or the Company. The Annual Report (together with the Remuneration Report) is available on the Company's website ([www.enrl.com.au](http://www.enrl.com.au)).

Under the Corporations Act, if at least 25% of the votes cast on the Resolution to Agenda Item 2 are voted against adoption of the Remuneration Report at the Annual General Meeting, and then again at the Company's next Annual General Meeting, the Company will be required to put to Shareholders a resolution proposing the calling of a general meeting to consider the appointment of directors of the Company (**Spill Resolution**).

If more than 50% of Shareholders vote in favour of the Spill Resolution, the Company must convene the general meeting (**Spill Meeting**) within 90 days of the Company's Annual General Meeting. All of the Directors who were in office when the Company's Directors' report 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 is approved will be the Directors of the Company.

The proportion of votes cast in a poll against the adoption of the 2020 Remuneration Report was less than 25% of the total votes cast. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

The Remuneration Report explains the Board policies in relation to the nature and level of remuneration paid to the Directors and sets out the Company's remuneration arrangements for each of the Directors and senior management of the Company for the financial year ended 30 June 2021. The Remuneration Report is part of the Directors' Report contained in the annual financial report of the Company for the financial year ended 30 June 2021.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the Annual General Meeting.

The Board considers that its current practices of setting executive and non-executive remuneration are within normal industry expectations, and provides an effective balance between the need to attract and retain the services of the highly skilled key management personnel that the Company requires. As such the Directors recommend that Shareholders vote in favour of the Resolution to Agenda Item 2.

**Voting**

Note that a voting exclusion applies to Agenda Item 2 in the terms set out in the Notice of Meeting. In particular, the Directors and other Restricted Voters may not vote on this Resolution and may not cast a vote as proxy, unless the appointment gives a direction on how to vote or the proxy is given to the Chair and expressly authorises the Chair to exercise your proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

## EXPLANATORY STATEMENT

**2. Adoption of Remuneration Report (Continued)**

By appointing the Chair as proxy, and not providing voting directions, you are considered to have expressly authorised the Chair to exercise your proxy, even though the Resolution may be connected directly or indirectly with the remuneration of a member of the Key Management Personnel. The Chair will use any such proxies to vote in favour of the Resolution.

Shareholders are urged to carefully read the proxy form and provide a direction to the proxy on how to vote on this Resolution.

**3. Re-Election of Director – Dr Jon Hronsky OAM (BAppSci, PhD, MAusImMM, FSEG)**  
as an Ordinary Resolution***Experience***

Dr. Hronsky has more than thirty five years of experience in the mineral exploration industry, primarily focused on project generation, technical innovation and exploration strategy development. Dr. Hronsky has particular expertise in targeting for nickel sulfide deposits, but has worked across a diverse range of commodities. His work led to the discovery of the West Musgrave nickel sulfide province in Western Australia. Dr. Hronsky was most recently Manager-Strategy & Generative Services for BHP Billiton Mineral Exploration. Prior to that, he was Global Geoscience Leader for WMC Resources Ltd. He is currently a Director of exploration consulting group Western Mining Services Pty Ltd and former Chairman of the board of management of the Centre for Exploration Targeting at the University of Western Australia.

During the last 3 years Dr Hronsky has been a director of Cassini Resources Limited until its acquisition by Oz Minerals Limited in 2020 and a director of Azumah Resources Limited between 7 November 2019 to its delisting on 19 February 2020. Dr Hronsky is currently a non-executive director of Caspin Resources Limited (ASX:CPN).

***Term of Office***

Dr Hronsky was appointed as Director of Company on 10 May 2007.

***Independence***

The Board of Encounter Resources Limited considers Dr Hronsky to be an Independent Director.

***Special Responsibilities***

Dr Hronsky is Chair of the Company's Audit Committee.

***Directors' Recommendation***

The Board (excluding Dr Hronsky) supports the proposed re-election and recommends that Shareholders vote in favour of the re-election of Dr Hronsky as a Director.

**4. Approval of Additional 10% Placement Capacity**  
as a Special Resolution

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 the period.

Listing Rule 7.1A enables eligible entities to issue Equity Securities up to 10% of its issued share capital without shareholder approval over a 12 month period after the Annual General Meeting at which a resolution for the purposes of Listing Rule 7.1A is passed by special resolution (**Additional 10% Placement Capacity**). The Additional 10% Placement Capacity is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An entity will be eligible to seek approval under Listing Rule 7.1A if: (a) the entity has a market capitalisation of \$300 million or less; and (b) the entity is not included in the S&P ASX 300 Index. The Company's market capitalisation as at 12 October 2021 was \$63.2m and therefore the Board considers that it is an eligible entity for the purposes of Listing Rule 7.1A.

## EXPLANATORY STATEMENT

**4. Approval of Additional 10% Placement Capacity (Continued)**

The number of Equity Securities to be issued under the Additional 10% Placement Capacity will be determined in accordance with the formula set out in Listing Rule 7.1A.2.

The Company is putting Agenda Item 4 to Shareholders to seek approval to issue additional Equity Securities under the Additional 10% Placement Capacity.

This Resolution does not mean that the Company will necessarily utilise the 10% Additional Placement Capacity. Rather, capital markets have recently been in a state of fluctuation and the Directors acknowledge that they may need to act quickly to raise funds when favourable markets emerge. The Company's failure to raise capital, if and when needed, could delay or suspend the Company's business strategy and could have a material adverse effect on the Company's activities. Under these circumstances, the Additional 10% Placement Capacity will provide flexibility for the Company to issue additional securities, in the event that the Directors determine that the issue of the additional securities is in the interests of the Shareholders and the Company in achieving its objectives.

**Listing Rule 7.1A**

The effect of Agenda Item 4 will be to permit the Company to issue the Equity Securities under Listing Rule 7.1A during the Additional Placement Period (as defined below) without using the Company's 15% placement capacity under Listing Rule 7.1.

Equity Securities issued under the Additional 10% Placement Capacity must be in the same class as an existing quoted class of Equity Securities of the Company. As at the date of this Notice the Company has quoted securities in the form of Shares on issue.

As at the date of this Notice, the Company has 316,256,523 Shares on issue and therefore, subject to Shareholder approval being obtained under Agenda Item 4, up to 31,625,652 Equity Securities will be permitted to be issued in accordance with Listing Rule 7.1A. Shareholders should note that the calculation of the number of Equity Securities permitted to be issued under the Additional 10% Placement Capacity is a moving calculation and will be based on the formula set out in Listing Rule 7.1A at the time of issue of the Equity Securities. The table on the page below demonstrates various examples as to the number of Equity Securities that may be issued under the Additional 10% Placement Capacity.

The Resolution the subject of Agenda Item 4 is a Special Resolution, requiring approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative) in order to be passed.

**Specific information required by Listing Rule 7.3A**

The following information in relation to the Shares to be issued is provided to Shareholders for the purposes of Listing Rule 7.3A:

- (a) The Equity Securities issued under the Additional 10% Placement Capacity will be issued at an issue price (being for a cash consideration per security) which is not less than 75% of the volume weighted average price for the Company's Equity Securities in the same class calculated over the 15 Trading Days on which trades in that class were recorded immediately before:
  - (i) the date on which the price at which the Equity Securities are to be issued is agreed by the entity and the recipient of the securities; or
  - (ii) if the Equity Securities are not issued within 10 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.



## EXPLANATORY STATEMENT

## 4. Approval of Additional 10% Placement Capacity (Continued)

## Specific information required by Listing Rule 7.3A

(b) If the Resolution the subject of Agenda Item 4 is approved by Shareholders and the Company issues Equity Securities under the Additional 10% Placement Capacity, the existing Shareholders' economic and voting interests in the Company will be diluted. There is also a risk that:

- (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Meeting; and
- (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date of the Equity Securities.

The table below shows the dilution of existing Shareholders of the issue of the maximum number of Equity Securities under the Additional 10% Placement Capacity using different variables for the number of ordinary securities for variable "A" (as defined in Listing Rule 7.1A) and the market price of Shares. It is noted that variable "A" is based on the number of ordinary securities the Company has on issue at the time of the proposed issue of Equity Securities.

Variable 'A'	Number of Shares issued and funds raised under the Additional 10% Placement Capacity and dilution effect	Dilution		
		\$0.10 Issue Price at 50% decrease to the current market price	\$0.20 Issue Price at current market price	\$0.30 Issue Price at 50% increase in the current market price
Current Variable A <b>316,256,523</b> Shares	Shares issued	31,625,652	31,625,652	31,625,652
	Funds raised	\$3,162,565	\$6,325,130	\$9,487,696
	Dilution	10%	10%	10%
50% increase in current Variable A <b>474,384,785</b> Shares	Shares issued	47,438,478	47,438,478	47,438,478
	Funds raised	\$4,743,848	\$9,487,696	\$14,231,544
	Dilution	10%	10%	10%
100% increase in current variable A <b>632,513,046</b> Shares	Shares issued	63,251,305	63,251,305	63,251,305
	Funds raised	\$6,325,130	\$12,650,261	\$18,795,391
	Dilution	10%	10%	10%

The table shows:

- (i) examples of where variable "A" is at its current level, and where variable "A" has increased by 50% and by 100%;
- (ii) examples of where the issue price of ordinary securities is the current market price as at close of trade on 12 October 2021 (current market price), where the issue price has decreased by 50%, and where it is increased by 50%; and
- (iii) the dilutionary effect will always be 10% if the maximum number of Equity Securities that may be issued under the Additional 10% Placement Capacity are issued.

Note: this table assumes:

- (i) No Options are exercised before the date of the issue of the Equity Securities;
- (ii) The Company issues the maximum number of Equity Securities under the Additional 10% Placement Capacity and the Equity Securities issued consist only of Shares;
- (iii) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholders' holding at the date of the Annual General Meeting;
- (iv) The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.

## EXPLANATORY STATEMENT

**4. Approval of Additional 10% Placement Capacity (Continued)****Specific information required by Listing Rule 7.3A**

- (c) Approval of the Additional 10% Placement Capacity will be valid from the date of the Annual General Meeting and will expire on the earlier of:
- (i) the date that is 12 months after the date of the Annual General Meeting;
  - (ii) the time and date of the Company's next annual general meeting; and
  - (iii) the time and date of the approval by Shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

**(Additional Placement Period).**

The Company must issue the Equity Securities under the Additional 10% Placement Capacity for cash consideration.

- (d) Pursuant to Listing Rule 7.3A.3, if Equity Securities are issued under the Additional 10% Placement Capacity, the Company intends to use the funds to advance its exploration programs, assess and acquire exploration assets and for general working capital purposes.

The Company will comply with the disclosure obligations under Listing Rules 7.1A.4 upon issue of any Equity Securities.

- (e) The Company's allocation policy for the issue of Equity Securities under the Additional 10% Placement Capacity will be dependent on the prevailing market conditions at the time of the proposed placement(s), if one were to occur. Securities allotted pursuant to the allocation policy will be determined following consideration of a number of factors including, but not limited to, the following matters:

- (i) the ability of the Company to raise funds at the time of the proposed issue of Equity Securities;
- (ii) the dilutionary effect of the proposed of the issue of the Equity Securities on existing Shareholders at the time of proposed issued of Equity Securities;
- (iii) the financial situation and solvency of the Company; and
- (iv) advice from its professional advisers, including corporate, financial and broking advisers (if applicable).

At the date of this Notice, the Company has not formed an intention as to whether the securities will be offered to existing security holders, or to any class or group of existing security holders, or whether the securities will be offered exclusively to new investors that have not previously been security holders of the Company. The Company will give consideration before making any placement of securities under Listing Rule 7.1A whether the raising of any funds under such placement could be carried out in whole, or in part, by an entitlement offer to existing security holders.

The allottees under the Additional 10% Placement Capacity have not been determined as at the date of this Notice but will not include related parties (or their associates) of the Company.

- (f) The Company previously obtained approval from its Shareholders pursuant to Listing Rule 7.1A at its 2020 Annual General Meeting on 25 November 2020 and the Company has issued nil securities pursuant to that Listing Rule 7.1A approval.

- (g) As at the date of this Notice, the Company is not proposing to make an issue of Equity Securities under Listing Rule 7.1A. Accordingly, a voting exclusion statement is not included in this Notice in respect of Agenda Item 4.

**Technical information required by Listing Rule 14.1A**

If Agenda Item 4 is passed, the Company will be able to issue additional Equity Securities up to the combined 25% of its issued share capital over a 12 month period after the Annual General Meeting under ASX Listing Rules 7.1 and 7.1A without any Shareholder approval.

If Agenda Item 4 is not passed the Company will not be able to access the additional 10% capacity to issue Equity Securities without Shareholder approval provided for in Listing Rule 7.1A and will remain subject to the 15% limit on issuing Equity Securities without Shareholder approval set out in Listing Rule 7.1.

**Directors' Recommendation**

The Board recommends Shareholders vote in favour of Agenda Item 4.

## EXPLANATORY STATEMENT

**5. Adoption of Encounter Resources Limited Employee Share Option Plan**  
as an Ordinary Resolution

Agenda Item 5 seeks Shareholder approval for the adoption of the Encounter Resources Limited Employee Share Option Plan (**Plan**) in accordance with Exception 13 of ASX Listing Rule 7.2.

The Directors adopted the Plan on 12 October 2021. The current incentive plan was last approved by Shareholders on 30 November 2018.

The Plan is designed to provide incentives to the employees and Directors of the Company and to recognise their contribution to the Company's success. Under the Company's current circumstances the Directors consider that the incentives to employees and Directors are a cost effective and efficient incentive for the Company as opposed to alternative forms of incentives such as cash bonuses or increased remuneration. To enable the Company to secure employees and Directors who can assist the Company in achieving its objectives, it is necessary to provide remuneration and incentives to such personnel. The Plan is designed to achieve this objective, by encouraging continued improvement in performance over time and by encouraging personnel to acquire and retain significant shareholdings in the Company.

The Plan incorporates the facility for participants to undertake a 'cash less exercise', whereby, in lieu of paying the aggregate exercise price to purchase the Shares, the Board may, in its sole and absolute discretion, permit a Participant to elect to receive a reduced number of Shares, in lieu of payment of cash or other consideration.

The number of Shares received will be determined in accordance with the following formula:

$$A = \frac{B(C - D)}{C}$$

where:

A = the number of Shares (rounded down to the nearest whole number) to be issued to the Participant;

B = the number of Shares otherwise issuable upon the exercise of the Option or portion of the Option being exercised;

C = the Market Value of one Share determined as of the date of delivery to the Company Secretary; and

D = the exercise price.

For example, if a Participant holds 50 Options (which have vested and are therefore capable of exercise), each with an exercise price of \$1.00 and they elect to exercise all of their Options by paying the exercise price, they would pay \$50 and receive 50 Shares. However, if the Participant elects their rights under the cashless exercise facility, and the Market Value of one Share prior to exercise is \$1.50, the Participant will pay no cash and receive 16 Shares (being  $50(\$1.50 - \$1.00)/\$1.50 = 16.67$ , rounded down to 16 Shares).

Shareholder approval is required if any issue of Options pursuant to the Plan is to fall within the exception to the calculation of the 15% limit imposed by Listing Rule 7.1 on the number of securities which may be issued without Shareholder approval. Accordingly, Shareholder approval is sought for the purposes of Listing Rule 7.2 Exception 13(b) which provides that Listing Rule 7.1 does not apply to an issue of securities under an employee incentive scheme, if within three years of the date of issue of the securities, the holders of the entity's ordinary securities have approved the issue of equity securities under the scheme as exception to Listing Rule 7.1.

Exception 13(b) is only available if and to the extent that the number of equity securities issued under the scheme does not exceed the maximum number set out in the entity's notice of meeting dispatched to shareholders in respect of the meeting at which shareholder approval was obtained pursuant to Listing Rule 7.2 (Exception 13(b)). Exception 13(b) also ceases to be available if there is a material change to the terms of the scheme from those set out Schedule 1 of the Notice of Meeting.

Prior Shareholder approval will be required before any Director or related party of the Company can participate in the Plan.

Under the Plan, the Board may offer to eligible employees of the Company, the opportunity to subscribe for such number of Options in the Company as the Board may decide, and on the terms set out in the rules of the Plan. Options granted under the Plan will be offered to participants in the Plan on the basis of the Board's view of the contribution of the eligible person to the Company.

EXPLANATORY STATEMENT

**5. Adoption of Encounter Resources Limited Employee Share Option Plan (Continued)**

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

- (a) a summary of the terms and conditions of the Plan is attached at Schedule 1 to this Explanatory Statement;
- (b) a total of 3,450,000 Options have been issued to employees pursuant to the terms of an approved employee incentive plan since the last Shareholder approval on 30 November 2018;
- (c) the maximum number of Securities proposed to be issued under the Plan, following Shareholder approval is 15,812,826 (being 5% of the issued capital of the Company. It is not envisaged that the maximum number of Securities for which approval is sought will be used immediately); and
- (d) a voting exclusion statement has been included for the purposes of Agenda Item 5.

**Technical information required by Listing Rule 14.1A**

If Agenda Item 5 is passed, the Company will be able to issue securities under the Plan without impacting on the Company's ability to issue up to 15% of its total ordinary securities without Shareholder approval in any 3 year period.

If Agenda Item 5 is not passed, the Company will be able to proceed with the issue of securities under the Plan to eligible participants, but any issues of securities will reduce, to that extent, the Company's capacity to issue equity securities without Shareholder approval under Listing Rule 7.1 for the 12 month period following the issue of the Securities.

**6. Information Relating to the Proposed Issue of Options to Directors – Agenda Items 6 to 12**  
each as Ordinary Resolutions

Agenda Items 6 to 12 seek Shareholder approval in accordance with Listing Rule 10.11 and Chapter 2E of the Corporations Act for the issue of the Fee Options, to certain Directors of the Company, and the Incentive Options to all of the Directors of the Company, as applicable (**Participating Directors**).

Options to be issued in lieu of payment of Director fees

The Company has recently offered non-executive Directors an annual election to receive cash remuneration or an equivalent amount in unlisted Options. This annual election relates to the remuneration period from 1 December to 30 November of the relevant year. Both Mr Paul Chapman and Mr Philip Crutchfield have elected to receive unlisted Options in lieu of receiving cash remuneration for their services as non-executive Directors with respect to the year 1 December 2020 to 30 November 2021, being the Fee Options (**Fee Options Directors**).

**Technical information required by Listing Rule 14.1A**

If Agenda Items 6 and 7 are passed, the Company will be able to issue the Fee Options pursuant to ASX Listing Rule 10.11 to the Fee Options Directors.

If Agenda Items 6 and 7 are not passed, the Company will not proceed with the issue of the Fee Options, and Mr Paul Chapman and Mr Philip Crutchfield will each receive cash remuneration amounting to \$50,000 per annum for their services as Non-Executive Directors for the period 1 December 2021 to 30 November 2022.

Incentive Options

Agenda Items 8 to 12 seek Shareholder approval to allow the Company to issue unlisted Options, being the Incentive Options, to the Participating Directors, being all of the Directors of the Company.

The number of Incentive Options to be granted to each of the Participating Directors has been determined based upon a consideration of:

- (a) the remuneration / fees of the Participating Directors;
- (b) the Directors' wish to ensure that the remuneration / fees offered is competitive with market standards. The Directors have considered the proposed number of Incentive Options to be granted will ensure that the Participating Directors' overall remuneration / fees is in line with market standards; and
- (c) incentives to attract and ensure continuity of service of Directors who have appropriate knowledge and expertise.

## EXPLANATORY STATEMENT

**6. Information Relating to the Proposed Issue of Options to Directors – Agenda Items 6 to 12 (Continued)**

The grant of the Incentive Options is considered an appropriate remuneration strategy to align the interests of the individual with those of the Company's strategic plan focusing on optimizing performance with the benefits flowing through to enhanced Shareholder returns, whilst also protecting the Company's cash reserves so that they can be directed towards the Company's operations.

**Technical information required by Listing Rule 14.1A**

If Agenda Items 8 to 12 are passed, the Company will be able to issue the Incentive Options pursuant to ASX Listing Rule 10.11 to each of the Participating Directors, as incentive-based remuneration.

If Agenda Items 8 to 12 are not passed, the Company will not proceed with the issue of the Incentive Options as applicable to the Agenda item not passed, and the Board may elect to implement alternative remuneration practices, which may be increased cash-based remuneration packages for all Directors, including for executive Directors, alternative short-term incentive arrangements which may be cash or equity based.

**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 (including options) to, inter alia, a related party of the company, such as a director, without the Company obtaining the approval of its Shareholders. If Shareholder approval is given under Listing Rule 10.11, Listing Rule 7.2, Exception 14 provides that Shareholder approval is not required under Listing Rule 7.1.

The issue of the Fee Options and the Incentive Options falls within Listing Rule 10.11.1 as the Participating Directors are related parties of the Company by virtue of being Directors of the Company and does not fall within any of the exceptions in Listing Rule 10.12. It therefore requires the approval of the Company's Shareholders under Listing Rule 10.11.

Agenda Items 6 to 12 seek the required Shareholder approval to issue the Fee Options and Incentive Options under and for the purposes of Listing Rule 10.11.

**Corporations Act - Chapter 2E**

Pursuant to 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 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 proposed issue of the Options constitutes giving a financial benefit, and Messrs Chapman, Robinson, Bewick, Hronsky and Crutchfield are related parties of the Company by virtue of being current Directors.

Relevantly, there is an exception if the company first obtains the approval of its shareholders in a general meeting in circumstances where certain requirements specified in Chapter 2E in relation to the convening of that meeting have been met or where the financial benefit constitutes objectively reasonable remuneration.

Further, section 195(1) provides that a director of a public company who has a material personal interest in a matter that is being considered at a directors' meeting must not be present while the matters are being considered at the meeting or vote on the matter. However, section 195(4) provides that if there are then not enough directors to form a quorum for a directors' meeting, one or more of the directors (including those who have a material personal interest in that matter) may call a general meeting and the general meeting may pass a resolution to deal with the matter.

The Board believes that the issue of the Options to the Directors constitute reasonable remuneration and an appropriate incentive to the Directors. However, in the interests of good governance and in the current market conditions, the Board believes it is appropriate to give Shareholders the right to vote on these Resolutions under the Chapter 2E of the Corporations Act, and section 195(4) of the Corporations Act, approval regime. Accordingly, the Directors have determined the Shareholders should have the opportunity to vote on the giving of the financial benefit pursuant to section 208 and 195(4) of the Corporations Act under each of Agenda Items 6 to 12.

## EXPLANATORY STATEMENT

## 6. Information Relating to the Proposed Issue of Options to Directors – Agenda Items 6 to 12 (Continued)

The following information is provided to Shareholders to allow them to assess the proposed Resolutions:

(a) **The related party to whom the proposed Resolution would permit the financial benefit to be given and nature of financial benefit.**

Subject to Shareholder approval, the Fee Options in lieu of Director fees and Incentive Options will be granted to the following:

<i>Director</i>	<i>Number of Options</i>	<i>Expiry Date</i>	<i>Exercise Price</i>
<b><i>Fee Options:</i></b>			
Mr Paul Chapman (or nominee)	450,000 <sup>1</sup>	4 Years from Grant Date	150% of 5 day VWAP prior to Issue Date
Mr Philip Crutchfield (or nominee)	450,000 <sup>1</sup>		
<b><i>Incentive Options:</i></b>			
Mr Will Robinson (or nominee)	450,000	4 years from Grant Date	150% of 5 day VWAP prior to Issue Date
Mr Peter Bewick (or nominee)	180,000		
Mr Philip Crutchfield (or nominee)	180,000		
Mr Paul Chapman (or nominee)	180,000		
Dr Jon Hronsky (or nominee)	180,000		

The Fee Options will have an expiry date as disclosed in the table above and will be issued in accordance with terms and conditions as set out in Schedule 2 of this Explanatory Statement. The Incentive Options will have an expiry date as disclosed in the table above and will be issued in accordance with terms and conditions as set out in Schedule 3 of this Explanatory Statement.

<sup>1</sup> Options are proposed to be issued in lieu of Director fees for the period from 1 December 2021 to 30 November 2022.

The Directors of the Company consider the indicative theoretical value attributable to the Options at a valuation date of 12 October 2021 to be as follows, notwithstanding that the Options will not be issued until after 26 November 2021 being the date of the Annual General Meeting of the Shareholders of the Company.

*Fee Options:*

<i>Director</i>	<i>Number of Options</i>	<i>Exercise Price</i>	<i>Expiry Date</i>	<i>Indicative Value</i>
Paul Chapman	450,000	\$0.30	12 Oct 2025	\$49,932
Philip Crutchfield	450,000	\$0.30	12 Oct 2025	\$49,932

*Incentive Options:*

<i>Director</i>	<i>Number of Options</i>	<i>Exercise Price</i>	<i>Expiry Date</i>	<i>Indicative Value</i>
Will Robinson	450,000	\$0.30	12 Oct 2025	\$49,932
Peter Bewick	180,000	\$0.30	12 Oct 2025	\$19,975
Philip Crutchfield	180,000	\$0.30	12 Oct 2025	\$19,975
Paul Chapman	180,000	\$0.30	12 Oct 2025	\$19,975
Jon Hronsky	180,000	\$0.30	12 Oct 2025	\$19,975

## EXPLANATORY STATEMENT

**6. Information Relating to the Proposed Issue of Options to Directors – Agenda Items 6 to 12 (Continued)****(a) The related party to whom the proposed Resolution would permit the financial benefit to be given and nature of financial benefit (Continued)**

The Black and Scholes option valuation methodology was used as a basis for the calculations using the following assumptions:

- (i) The 5 day volume weighted average price of a fully paid Share as at the valuation date of 12 October 2021 was \$0.205.
- (ii) The risk free interest rate used was 1.00% (based on the 5 year Reserve Bank treasury bond rates respectively as at 12 October 2021).
- (iii) A volatility factor of 87.1% was used to value the options as determined using the daily closing share prices for the last 12 months.
- (iv) The Black and Scholes option pricing model assumes that the Options the subject of the valuation can be sold on a secondary market. The terms and conditions of the proposed Options state that the Options shall not be listed for official quotation on ASX.
- (v) Any change in the variables applied in the Black and Scholes calculation between the date of the valuation and the date the Options are granted would have an impact on their value.

**(b) Directors' Recommendations**

Each Director has a material personal interest in the outcome of Agenda Items 6 to 12 on the basis that all Directors (or their nominees) are to be issued either Fee Options or Incentive Options should the Resolutions to Agenda Items 6 to 12 be passed. For this reason, the Directors do not believe that it is appropriate to make a recommendation on Agenda Items 6 to 12.

Agenda Items 6, 7, 10, 11 and 12 propose the issue of either Fee Options or Incentive Options to Non-Executive Directors, which is not consistent with the Recommendations of the ASX Corporate Governance Council (Principle 8) 4<sup>th</sup> Edition. The Executive Directors consider that the proposed issue of Fee Options and Incentive Options to Non-Executive Directors will align their interests with those of existing security holders in general, but are not likely to lead to bias in their decision making or compromise their objectivity.

**(c) Directors' Interest**

Mr Chapman has a material personal interest in the outcome of the Resolutions the subject of Agenda Items 6 and 11 as the recipient of Fee Options and Incentive Options.

Mr Crutchfield has a material personal interest in the outcome of the Resolutions the subject of Agenda Items 7 and 10 as the recipient of Fee Options and Incentive Options.

Mr Robinson has a material personal interest in the outcome of the Resolution the subject of Agenda Item 8 as the recipient of Incentive Options.

Mr Bewick has a material personal interest in the outcome of the Resolution the subject of Agenda Item 9 as the recipient of Incentive Options.

Dr Hronsky has a material personal interest in the outcome of the Resolution the subject of Agenda Item 12 as the recipient of Incentive Options.

A voting exclusion and a voting prohibition apply to each Director in respect of voting at this Annual General Meeting in respect of the Resolutions in which they have a direct material personal interest.

**(d) Terms and Conditions of Options****Options to be issued in lieu of payment of Director fees**

The terms and conditions of the Fee Options proposed to be granted to the Fee Options Directors are included at Schedule 2 of this Explanatory Statement.

**Options to be issued to Directors as incentives**

The terms and conditions of the Incentive Options proposed to be granted to the Participating Directors are included at Schedule 3 of this Explanatory Statement.

## EXPLANATORY STATEMENT

## 6. Information Relating to the Proposed Issue of Options to Directors – Agenda Items 6 to 12 (Continued)

The Options will also have the following specific terms:

1. the key terms, as set out in section 6(a) of this Explanatory Statement above; and
2. the benefit of the cashless exercise facility on the terms and conditions set out in Schedules 2 and 3 of this Explanatory Statement, as applicable to the Fee Options and the Incentive Options respectively.

(e) **Other information reasonably required by the members to make a decision and that is known to the Company or any of its Directors**

Options to be issued in lieu of payment of Director fees

Mr Chapman and Mr Crutchfield have elected to receive Options in lieu of receipt of cash-based director fees for their services as Directors of the Company, being the Fee Options. The number of Fee Options proposed to be issued has been determined by reference to a Black-Scholes option valuation undertaken at 12 October 2021 using model inputs stated in section 6(a) of the Explanatory Statement.

Options to be issued to Directors as incentives

The Incentive Options form part of the Company's long term incentive for employees and are to be granted in addition to the total fixed remuneration/fees set out below. The exercise price of the Incentive Options is linked to improved Share price performance. Importantly, this provides ongoing incentive to increase Shareholder value over time and the exercise price reflects levels in excess of the current market price of the Company's Shares.

The number of Incentive Options to be issued to the Directors has been determined based on the reasons outlined in the Director's recommendation to Shareholders at section 6(b) of the Explanatory Statement. The number of Incentive Options has also been determined having regard to less tangible factors such as alignment of interests to the Company. The Incentive Options shall be granted for nil consideration to the Directors (or their respective nominees) and will be issued within one month of the date of the meeting. Exercise of the Options is allowable immediately after issue, but only likely to occur if there is sustained upward movement in the Company's Share price.

If the Options proposed to be granted to the Directors (or their respective nominees) under Agenda Items 6 to 12 are exercised, the Company's issued Share capital would increase by a maximum of 2,070,000 Shares to a total of issued Share capital of 318,326,523 Shares (assuming no other Shares are issued or outstanding Options are exercised), and will represent a maximum of approximately 0.65% of the total issued capital of the Company on a fully diluted basis. The maximum dilution stated is calculated based on all of the Options being exercised by payment of the exercise price in full.

Should any of the Directors elect to utilise the cashless exercise provisions, pursuant to rule 1.10 of the terms in both Schedules 2 and 3 to the Explanatory Statement, this would result in a lesser number of Shares to be issued, and a reduction in the funds receivable by the Company, on the exercise of the Incentive Options.

As at 12 October 2021 the issued capital of the Company comprised the following Shares and Options:

316,256,523	<i>Ordinary fully paid shares.</i>
-------------	------------------------------------

<i>Number of Options</i>	<i>Exercise Price</i>	<i>Expiry Date</i>
750,000	17.5 cents	24 November 2021
425,000	10.5 cents	1 November 2021
475,000	10 cents	31 May 2022
2,900,000	9 cents	30 November 2022
1,500,000	12 cents	30 November 2023
5,050,000	20 cents	31 October 2023
650,000	22 cents	30 June 2024
1,500,000	22.8 cents	30 October 2021
2,450,000	26 cents	26 November 2024
1,000,000	25 cents	30 April 2025



## EXPLANATORY STATEMENT

## 6. Information Relating to the Proposed Issue of Options to Directors – Agenda Items 6 to 12 (Continued)

## (e) Other information reasonably required by the members to make a decision and that is known to the Company or any of its Directors (cont'd)

The following table sets out the current relevant interests in Shares and Options of the Directors:

<i>Director</i>	<i>Relevant Interest in Shares</i>	<i>Relevant Interest in Options</i>
Paul Chapman	9,948,816	1,570,000
Will Robinson	25,695,414	1,100,000
Peter Bewick	7,950,000	4,850,000
Jon Hronsky	475,714	1,470,000
Philip Crutchfield	3,040,557	2,270,000

Details of the nature and amount of each major element of the emoluments of the Directors for the financial year ended 30 June 2021, as detailed in the 2021 Annual Financial Statements is as follows:

<i>Director</i>	<i>Short Term Remuneration</i>	<i>Superannuation</i>	<i>Value of Options</i>	<i>Total</i>
	\$	\$	\$	\$
Paul Chapman <sup>1</sup>	-	-	66,297	66,297
Will Robinson	317,250	25,650	46,524	389,424
Peter Bewick	311,538	25,107	46,524	383,169
Jon Hronsky	50,000	4,750	19,773	74,523
Philip Crutchfield <sup>1</sup>	-	-	66,297	66,297

<sup>1.</sup> Mr Chapman's and Mr Crutchfield's Options issued in the 2021 financial year include an amount of \$46,524 each in respect of Options issued in lieu of cash director fees.

If the market price of the Company's Shares is in excess of the exercise price of the Options it is likely that the Options will be exercised. A benefit would accrue on the exercise of the Options by the payment of the amount determined under this Notice and the sale of the Shares for an amount in excess of these amounts.

In the 12 months preceding the date of this Notice the highest and lowest market prices of the Company's Shares were as follows:

	Date	Price of Company's Shares on ASX
Highest price	15 October 2020	32.0 cents
Lowest Price	18 February 2021	12.5 cents

The closing market price of the Company's Shares on the day before the date of this Notice was:

Date	Closing price of Company's Shares on ASX
12 October 2021	20.0 cents

The Directors do not consider there are opportunity costs to the Company or benefits foregone by the Company in issuing the Options. For accounting purposes, the Options will be recognized as an expense.

All Shares issued pursuant to the exercise of Options under Agenda Items 6 to 12 will rank pari passu with the existing Shares on issue.

## EXPLANATORY STATEMENT

**6. Information Relating to the Proposed Issue of Options to Directors – Agenda Items 6 to 12 (Continued)**

There is no other information known to the Directors that is reasonably required by Shareholders to allow them to make a decision whether or not it is in the Company's best interests to pass the Resolutions of Agenda Items 6 to 12.

Information requirements pursuant to Listing Rule 10.13

In addition, the following information is provided in accordance with the notice requirements of Listing Rule 10.13:

- (a) the Options will be granted to:
- (i) Mr Paul Chapman;
  - (ii) Mr Will Robinson;
  - (iii) Mr Peter Bewick;
  - (iv) Dr Jon Hronsky; and
  - (v) Mr Philip Crutchfield,
- or their respective nominees.

- (b) each of the Participating Directors are related parties of the Company due to their directorship pursuant to Listing Rule 10.11.1;

- (c) the maximum number of equity securities to be granted is 2,070,000 Options, as follows:

Agenda Item 6	450,000 Fee Options
Agenda Item 7	450,000 Fee Options
Agenda Item 8	450,000 Incentive Options
Agenda Item 9	180,000 Incentive Options
Agenda Item 10	180,000 Incentive Options
Agenda Item 11	180,000 Incentive Options
Agenda Item 12	180,000 Incentive Options

- (d) each of the Participating Directors has a material personal interest in Agenda Items 6 to 12 in the manner described at section 6(c) of the Explanatory Statement above;
- (e) details of the terms of the Options are as noted in section 6(d) of the Explanatory Statement above and as per Schedule 2 of the Explanatory Statement with respect to the Fee Options, and Schedule 3 of the Explanatory Statement with respect to the Incentive Options;
- (f) the Options will be granted within 1 month after the date of the Annual General Meeting;
- (g) the Options will be granted for nil consideration and there is no issue price. The purpose of the issue of the Fee Options is to provide consideration in lieu of payment of director fees to the Fee Options Directors. The purpose of the issue of the Incentive Options is to provide part of the Company's long term incentive for employees and are to be granted in addition to the total fixed remuneration set out in section 6(e) of the Explanatory Statement above. As such, no funds will be raised by the grant of the Options;
- (h) the Fee Options and the Incentive Options are intended to remunerate and incentivize each Participating Director, as applicable. Each Participating Directors' remuneration package is set out in section 6(e) of the Explanatory Statement above;
- (i) neither the Fee Options and Incentive Options are proposed to be issued pursuant to an Agreement; and
- (j) voting exclusions apply to Agenda Items 6 to 12 and are set out in the Notice of Meeting.

## EXPLANATORY STATEMENT

**Glossary**

**Annual General Meeting** means the annual general meeting of the Company.

**Accounting Standards** has the meaning given to that term in the Corporations Act.

**Additional 10% Placement Capacity** has the meaning set out in section 5 of the Explanatory Statement.

**Additional Placement Period** has the meaning set out in section 4(c) of the Explanatory Statement.

**Annual General Meeting** or **Meeting** means the annual general meeting the subject of the Notice.

**Annual Report** means the annual report of the Company for the year ended 30 June 2021.

**ASX** means ASX Limited ABN 98 008 624 691 and, where the context permits, the Australian Securities Exchange operated by ASX Limited.

**Board** means the board of Directors.

**Closely Related Party** has the meaning given to that term in the Corporations Act.

**Company** means Encounter Resources Limited ACN 47 109 815 796.

**Constitution** means the constitution of the Company.

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

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

**Equity Securities** has the meaning as in the Listing Rules.

**Explanatory Statement** means this Explanatory Statement accompanying the Notice.

**Fee Options** means the Options to be issued to Mr Paul Chapman and Mr Philip Crutchfield pursuant to Agenda Items 6 and 7 respectively, and on the terms provided in Schedule 2 to this Explanatory Statement.

**Incentive Options** means the Options to be issued to Mr Will Robinson, Mr Peter Bewick, Mr Philip Crutchfield, Mr Paul Chapman, and Dr Jon Hronsky pursuant to Agenda Items 8, 9, 10, 11, and 12 respectively, and on the terms provided in Schedule 3 to this Explanatory Statement.

**Key Management Personnel** has the meaning given to that term in the Accounting Standards and broadly includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

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

**Market Value** means the value of Shares as determined by the volume weighted average trading price of Shares sold on the ASX over the last 5 trading days immediately before the relevant date.

**Marketable Parcel** means a marketable parcel as defined by the procedures of the ASX Operating Rules (refer ASX Listing Rules Chapter 19)

**Notice** or **Notice of Meeting** means the notice of annual general meeting accompanying this Explanatory Statement.

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

**Optionholder** means a holder of an option over unissued shares in the Company.

**Plan** means the Encounter Resources Limited Employee Share Option Plan.

**Remuneration Report** means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 30 June 2021.

**Restricted Voter** means Key Management Personnel and their Closely Related Parties.

**Resolution** means a resolution the subject of this Notice.

**Share** means an ordinary fully paid share in the capital of the Company;

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

**Trading Day** means a day determined by ASX to be a trading day in accordance with the Listing Rules.

**WST** means Australian Western Standard Time.

EXPLANATORY STATEMENT

---

**SCHEDULE 1 – TERMS AND CONDITIONS OF EMPLOYEE SHARE OPTION PLAN (ESOP)**

---

- (a) The ESOP is to extend to Eligible Persons or Eligible Associates (as the case may be and as defined in the ESOP) of the Company or an Associated Body Corporate of the Company as the Board may in its discretion determine.
- (b) If the Company is relying on ASIC Class Order 14/1000, the total number of Securities which may be offered by the Company under this ESOP shall not at any time exceed 5% of the Company's total issued Shares when aggregated with the number of Securities issued or that may be issued as a result of offers made at any time during the previous three year period under:
  - (1) an employee incentive scheme covered by ASIC Class Order 14/1000; or
  - (2) an ASIC exempt arrangement of a similar kind to an employee incentive scheme.
- (c) The Shares are to be issued at an issue price determined by the Board.
- (d) The Options are to be issued for no consideration.
- (e) The exercise price of an Option is to be determined by the Board at its sole discretion.
- (f) In lieu of paying the aggregate exercise price to purchase shares, a participant may elect to receive, without payment of cash or other consideration, upon surrender of the applicable portion of exercisable Options to the Company, a number of Shares determined in accordance with the formula included in the ESOP.
- (g) The option commencement date will be any such date or dates with respect to the Options or tranches of Options (as the case may be) as may be determined by the Board prior to the issue of the relevant Options.
- (h) The option period commences on the option commencement date and ends on the earlier of:
  - (1) the expiration of such period nominated by the Board at its sole discretion at the time of the grant of the Option but being not less than two years;
  - (2) if an Eligible Person's employment or engagement with the Company or an Associated Body Corporate ceases because of an Uncontrollable Event (as defined below), the earlier of:
    - (A) the expiry of the option period; or
    - (B) six months (or such other period as the Board shall, in its absolute discretion, determine) from the date on which the Eligible Person ceased that employment or engagement;
  - (3) if an Eligible Person's employment or engagement with the Company or an Associated Body Corporate ceases because of a Controllable Event (as defined below):
    - (A) the expiry of the option period; or
    - (B) one month (or such other period as the Board shall, in its absolute discretion, determine) from the date on which the Eligible Person ceased that employment or engagement; or
  - (4) the Eligible Person ceasing to be employed or engaged by the Company or an Associated Body Corporate of the Company due to fraud, dishonesty or being in material breach of their obligations to the Company or an Associated Body Corporate.
- (i) Eligibility to participate is determined by the Board. Eligibility is restricted to Eligible Persons (or their Eligible Associates where applicable) of the Company or an Associated Body Corporate of the Company. The Board is entitled to determine:
  - (1) subject to paragraph (b), the total number of Shares and Options to be offered in any one year to Eligible Persons or Eligible Associates;
  - (2) the Eligible Persons to whom offers will be made; and
  - (3) the terms and conditions of any Shares and Options granted, subject to the ESOP.
- (j) In respect of Options, Option holders do not participate in dividends or in bonus issues unless the Options are exercised.
- (k) Option holders do not have any right to participate in new issues of securities in the Company made to Shareholders generally. The Company will, where required pursuant to the ASX Listing Rules, provide Option holders with notice prior to the books record date (to determine entitlements to any new issue of securities made to Shareholders generally) to exercise the Options, in accordance with the requirements of the ASX Listing Rules.

## EXPLANATORY STATEMENT

---

**SCHEDULE 1 – TERMS AND CONDITIONS OF EMPLOYEE SHARE OPTION PLAN (ESOP)**  
**(CONTINUED)**

---

- (l) In the event of a pro rata issue (except a bonus issue) made by the Company during the term of the Options the Company may adjust the exercise price for the Options in accordance with the formula in the terms of the ESOP.
- (m) The Board has the right to vary the entitlements of participants to take account of the effect of capital reorganisations, bonus issues or rights issues.
- (n) The terms of the Options shall only be changed if holders (whose votes are not to be disregarded) of Shares in the Company approve of such a change. However, the terms of the Options shall not be changed to reduce the exercise price, increase the number of Options or change any period for exercise of the Options.
- (o) The Board may impose as a condition of any offer of Shares and Options under the ESOP any restrictions on the transfer or encumbrance of such Shares and Options as it determines.
- (p) The Board may vary the ESOP.
- (q) The ESOP is separate to and does not in any way form part of, vary or otherwise affect the rights and obligations of an Eligible Person under the terms of his or her employment or arrangement.
- (r) At any time from the date of an offer under the ESOP until the acceptance date of that offer, the Board undertakes that it shall provide information as to:
  - (1) the current market price of the Shares; and
  - (2) the acquisition price of the Shares or Options offered where this is calculated by reference to a formula, as at the date of the offer,to any participant within three Business Days of a written request to the Company from that participant to do so.
- (s) Any offer made pursuant to this ESOP will specify whether subdivision 83A-C of the applicable Tax Laws applies to that offer such that any tax payable by a participant under the offer will be deferred to the applicable deferred taxing point described in that subdivision.

In the ESOP:

Controllable Event means cessation of employment or engagement other than by an Uncontrollable Event.

Uncontrollable Event means:

- (a) death, serious injury, disability or illness which renders the Eligible Person incapable of continuing their employment or engagement (or providing the services the subject of the engagement) with the Company or Associated Body Corporate;
- (b) forced early retirement, retrenchment or redundancy; or
- (c) such other circumstances which results in an Eligible Person leaving the employment of or ceasing their engagement with the Company or Associated Body Corporate and which the Board determines is an Uncontrollable Event.

## EXPLANATORY STATEMENT

---

**SCHEDULE 2 – TERMS AND CONDITIONS OF FEE OPTIONS TO BE ISSUED IN LIEU OF DIRECTOR FEES**

---

The following is a summary of the key terms and conditions of the Options to be issued to Participating Directors (**Optionholder**) pursuant to Agenda Items 6 and 7:

1. General

- 1.1 No monies will be payable for the grant of the Options. Options are issued in lieu of cash director fees for the period 1 December 2021 to 30 November 2022.
- 1.2 A certificate will be issued for the Options.
- 1.3 The Options will not be listed for Official Quotation.
- 1.4 The Options are transferable subject to approval of the Board.
- 1.5 Each Option shall carry the right to subscribe for one Share upon exercise of the Option.
- 1.6 The Options shall expire at 5.00pm WST on the Expiry date.
- 1.7 Subject to clauses 1.6, 2 and 3, the Options may be exercised by the Optionholder at any time, but subject to the prior satisfaction of the Exercise Conditions (if any).
- 1.8 The Board may, at its discretion, by notice to the Optionholder adjust or vary the terms of an Option, subject to the requirements of the Listing Rules. No adjustment or variation will be made without the consent of the Optionholder if such adjustment or variation would have a materially prejudicial effect upon the Optionholder (in respect of their outstanding Options).
- 1.9 Options may only be exercised by delivery to the Company Secretary (at a time when the Options may be exercised) of:
  - (a) the certificate for the Options or, if the certificate for the Options has been lost or destroyed, a declaration to that effect, accompanied by an indemnity in favour of the Company against any loss, costs or expenses which might be incurred by the Company as a consequence of its relying on the declaration that the certificate has been lost or destroyed;
  - (b) a notice, in the required form, addressed to the Company and signed by the Optionholder stating that the Optionholder exercises the Options and specifying the number of Options which are exercised; and
  - (c) subject to clause 1.10, payment to the Company of an amount equal to the Exercise Price multiplied by the number of Options which are being exercised unless there is no exercise price payable in respect of the Options to be exercised. Unless clause 1.10 applies, the notice is only effective (and only becomes effective) when the Company has received value for the full amount of the Exercise Price (for example, if the Exercise Price is paid by cheque, by clearance of that cheque) by the Expiry Date and subject to the Options the subject of the notice vesting in accordance with any Exercise Conditions stipulated in these terms and conditions.
- 1.10 In lieu of paying the aggregate Exercise Price to purchase Shares under clause 1.9(c), the Optionholder may, at the Board's sole and absolute discretion, elect to receive, without payment of cash or other consideration, upon surrender of the applicable portion of exercisable Options to the Company, a number of Shares determined in accordance with the following formula (a Cashless Exercise):

$$A = \frac{B(C - D)}{C}$$

where:

A = the number of Shares (rounded down to the nearest whole number) to be issued to the Optionholder;  
B = the number of Shares otherwise issuable upon the exercise of the Options or portion of the Options being exercised;  
C = the Market Value of one Share determined as of the date of delivery to the Company Secretary; and  
D = the Exercise Price.

- 1.11 Options may be exercised in one or more parcels of any size, provided that the number of Shares issued upon exercise of the number of Options in any parcel is not less than a Marketable Parcel. An exercise of only some Options shall not affect the rights of the Optionholder to the balance of the Options held by the Optionholder.
- 1.12 The Company shall allot the resultant Shares and deliver the holding statements within 10 Business Days of the exercise of the Option.

## EXPLANATORY STATEMENT

---

**SCHEDULE 2 – TERMS AND CONDITIONS OF FEE OPTIONS TO BE ISSUED IN LIEU OF DIRECTOR FEES (CONTINUED)**

---

- 1.13 Shares allotted pursuant to an exercise of Options shall rank, from the date of allotment, equally with existing Shares of the Company in all respects.
  - 1.14 The Company shall, in accordance with the Listing Rules, make application to have Shares allotted pursuant to an exercise of Options listed for Official Quotation, if the Company is listed on the ASX at the time.
2. Lapse of Options
- 2.1 Unless clause 2.2 applies, the Options will lapse immediately and all rights in respect of the Options will be lost when the Expiry Date has passed.
  - 2.2 If the term of an Option would otherwise expire outside a Trading Window applicable to the Eligible Participant or the Optionholder, then the term of such Option shall be extended to the close of business on the 10th Business Day during the next Trading Window applicable to the Eligible Participant or the Optionholder.
3. Change in Control Event
- (a) The Company shall give written notice of any proposed Change of Control Event to the Optionholder. Upon the giving of any such notice the Optionholder shall be entitled to exercise, at any time within the 14-day period following the giving of such notice, all or a portion of those Options granted to the Optionholder which are then vested and exercisable in accordance with their terms, as well as any unvested Options which shall become vested and exercisable in connection with the completion of such Change of Control Event. Unless the Board determines otherwise (in its sole and absolute discretion), upon the expiration of such 14 day period, all rights of the Optionholder to exercise any outstanding Options, whether vested or unvested, shall terminate and all such Options shall immediately lapse, expire and cease to have any further force or effect, subject to the completion of the relevant Change of Control Event.
4. Participation Rights
- 4.1 The Optionholder is not entitled to participate in any new issue of securities to existing holders of Shares in the Company unless:
    - (a) the Optionholder has become entitled to exercise the Options under clauses 1.6, 2 or 3; and
    - (b) the Optionholder does so before the record date for the determination of entitlements to the new issue of securities and participates as a result of being a holder of Shares.The Company must give the Optionholder, in accordance with the Listing Rules, notice of any new issue of securities before the record date for determining entitlements to the new issue.
  - 4.2 In the event of a bonus issue of Shares being made pro-rata to shareholders (Bonus Issue), the number of Shares issued to an Optionholder on exercise of each Option will include the number of Shares that would have been issued to the Optionholder if the Option had been exercised prior to the record date for the Bonus Issue (Bonus Shares). No adjustment will be made to the Exercise Price. The Bonus Shares must be paid up by the Company out of the profits or reserves (as the case may be) in the same manner as was applied in the Bonus Issue and upon issue rank pari passu in all respects with the other Shares of that class on issue at the date of issue of the Bonus Shares.
  - 4.3 If the Company makes a pro rata issue of securities (except a bonus issue) to the holders of Shares the Exercise Price shall be reduced according to the formula specified in the Listing Rules.
  - 4.4 If, prior to the expiry of any Options, there is a reorganisation (including a consolidation, subdivision, reduction or return) of the issued capital of the Company, then the rights of a Participant (including the number of Options to which each Optionholder is entitled and the Exercise Price) will be changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.
  - 4.5 If, prior to the expiry of any Options, a resolution for a members' voluntary winding up of the Company is proposed (other than the purpose of a reconstruction or amalgamation) the Board may, in its absolute discretion, give written notice to Optionholder of the proposed resolution. Subject to the Exercise Conditions, the Optionholder may, during the period referred to in the notice, exercise their Options.
  - 4.6 The Options will not give any right to participate in dividends until Shares are allotted pursuant to the exercise of the relevant Options.

## EXPLANATORY STATEMENT

**SCHEDULE 3 – TERMS AND CONDITIONS OF INCENTIVE OPTIONS**

The following is a summary of the key terms and conditions of the Options to be issued to Participating Directors (**Optionholder**) pursuant to Agenda Items 8 to 12:

## 1. General

- 1.1 No monies will be payable for the grant of the Options.
- 1.2 A certificate will be issued for the Options.
- 1.3 The Options will not be listed for Official Quotation.
- 1.4 The Options are transferable subject to the approval of the Board.
- 1.5 Each Option shall carry the right to subscribe for one Share upon exercise of the Option.
- 1.6 The Options shall expire at 5.00pm WST on the Expiry date.
- 1.7 Subject to clauses 1.6, 2 and 3, the Options may be exercised by the Optionholder at any time, but subject to the prior satisfaction of the Exercise Conditions (if any).
- 1.8 The Board may, at its discretion, by notice to the Optionholder adjust or vary the terms of an Option, subject to the requirements of the Listing Rules. No adjustment or variation will be made without the consent of the Optionholder if such adjustment or variation would have a materially prejudicial effect upon the Optionholder (in respect of their outstanding Options).
- 1.9 Options may only be exercised by delivery to the Company Secretary (at a time when the Options may be exercised) of:
  - (a) the certificate for the Options or, if the certificate for the Options has been lost or destroyed, a declaration to that effect, accompanied by an indemnity in favour of the Company against any loss, costs or expenses which might be incurred by the Company as a consequence of its relying on the declaration that the certificate has been lost or destroyed;
  - (b) a notice, in the required form, addressed to the Company and signed by the Optionholder stating that the Optionholder exercises the Options and specifying the number of Options which are exercised; and
  - (c) subject to clause 1.10, payment to the Company of an amount equal to the Exercise Price multiplied by the number of Options which are being exercised unless there is no exercise price payable in respect of the Options to be exercised. Unless clause 1.10 applies, the notice is only effective (and only becomes effective) when the Company has received value for the full amount of the Exercise Price (for example, if the Exercise Price is paid by cheque, by clearance of that cheque) by the Expiry Date and subject to the Options the subject of the notice vesting in accordance with any Exercise Conditions stipulated in these terms and conditions.
- 1.10 In lieu of paying the aggregate Exercise Price to purchase Shares under clause 1.9(c), the Optionholder may, at the Board's sole and absolute discretion, elect to receive, without payment of cash or other consideration, upon surrender of the applicable portion of exercisable Options to the Company, a number of Shares determined in accordance with the following formula (a Cashless Exercise):

$$A = \frac{B(C - D)}{C}$$

where:

A = the number of Shares (rounded down to the nearest whole number) to be issued to the Optionholder;

B = the number of Shares otherwise issuable upon the exercise of the Options or portion of the Options being exercised;

C = the Market Value of one Share determined as of the date of delivery to the Company Secretary; and

D = the Exercise Price.

- 1.11 Options may be exercised in one or more parcels of any size, provided that the number of Shares issued upon exercise of the number of Options in any parcel is not less than a Marketable Parcel. An exercise of only some Options shall not affect the rights of the Optionholder to the balance of the Options held by the Optionholder.
- 1.12 The Company shall allot the resultant Shares and deliver the holding statements within 10 Business Days of the exercise of the Option.



## EXPLANATORY STATEMENT

---

**SCHEDULE 3 – TERMS AND CONDITIONS OF INCENTIVE OPTIONS (CONTINUED)**

---

- 1.13 Shares allotted pursuant to an exercise of Options shall rank, from the date of allotment, equally with existing Shares of the Company in all respects.
- 1.14 The Company shall, in accordance with the Listing Rules, make application to have Shares allotted pursuant to an exercise of Options listed for Official Quotation, if the Company is listed on the ASX at the time.
2. Lapse of Options
- 2.1 Unless clause 2.2, 2.3 or 2.4 applies, the Options will lapse immediately and all rights in respect of the Options will be lost:
- (a) if the Eligible Participant ceases to be an employee or director of, or to render services to, a member of the Group for any reason whatsoever (including without limitation resignation or termination for cause) and the Exercise Conditions have not been met; or
  - (b) the Exercise Conditions are unable to be met; or
  - (c) the Expiry Date has passed; or
  - (d) the deadline provided for in clause 2.4 has passed, whichever is earlier.
- 2.2 If the term of an Option would otherwise expire outside a Trading Window applicable to the Eligible Participant or the Optionholder, then the term of such Option shall be extended to the close of business on the 10th Business Day during the next Trading Window applicable to the Eligible Participant or the Optionholder.
- 2.3 If the Eligible Participant dies, becomes Permanently Disabled, resigns employment on the basis of retirement from the workforce or is made redundant by the relevant member of the Group, prior to the Expiry Date of any Options granted to the Optionholder (**Ceasing Event**) the following provisions apply.
- (a) the Optionholder or the Optionholder's legal personal representative, where relevant, may exercise those Options which at that date:
    - (i) have become exercisable;
    - (ii) have not already been exercised; and
    - (iii) have not lapsed, in accordance with clause 2.3(c);
  - (b) at the absolute discretion of the Board, the Board may resolve that the Optionholder, or the Optionholder's legal personal representative, where relevant, may exercise those Options which at that date:
    - (i) have not become exercisable; and
    - (ii) have not lapsed,in accordance with clause 2.3(c) and, if the Board exercises that discretion, those unexercisable Options will not lapse other than as provided in clause 2.3(c);
  - (c) the Optionholder or the Optionholder's legal personal representative (as the case may be) must exercise the Options referred to in clause 2.3(a) and, where permitted, clause 2.3(c), not later than the first to occur of:
    - (i) the Expiry Date of the Options in question; and
    - (ii) the date which is 6 months after the Ceasing Event provided that in the case of Options referred to in clause 2.3(b), all Exercise Conditions have been met at that time (unless the Board decides to waive any relevant Exercise Conditions, in its absolute discretion); and
  - (d) Options which have not been exercised by the end of the period specified in clause 2.3(c) lapse immediately at the end of that period and all rights in respect of those Options will thereupon be lost.
- 2.4 Where the Eligible Participant ceases to be an employee or director of, or to render services to, a member of the Group, for any reason whatsoever (including without limitation resignation or termination for cause), prior to the Expiry Date in relation to the Options (**Ceasing Date**) and the Exercise Conditions have been met, the Optionholder will be entitled to exercise options for a period of up to 1 month after the Ceasing Date, after which the Options will lapse immediately and all rights in respect of those Options will be lost.

## EXPLANATORY STATEMENT

---

**SCHEDULE 3 – TERMS AND CONDITIONS OF INCENTIVE OPTIONS (CONTINUED)**

---

## 3. Change in Control Event

- (a) On the occurrence of a Change of Control Event, the Board may in its sole and absolute discretion determine that unvested Options will vest despite the non-satisfaction of any Exercise Conditions and become exercisable in accordance with clause 3(b), with such vesting deemed to have taken place immediately prior to the effective date of the Change of Control Event, regardless of whether or not the employment, engagement or office of the Eligible Participant is terminated or ceases in connection with the Change of Control Event.
- (b) Whether or not the Board determines to accelerate the vesting of any Options, the Company shall give written notice of any proposed Change of Control Event to the Optionholder. Upon the giving of any such notice the Optionholder shall be entitled to exercise, at any time within the 14-day period following the giving of such notice, all or a portion of those Options granted to the Optionholder which are then vested and exercisable in accordance with their terms, as well as any unvested Options which shall become vested and exercisable in connection with the completion of such Change of Control Event. Unless the Board determines otherwise (in its sole and absolute discretion), upon the expiration of such 14 day period, all rights of the Optionholder to exercise any outstanding Options, whether vested or unvested, shall terminate and all such Options shall immediately lapse, expire and cease to have any further force or effect, subject to the completion of the relevant Change of Control Event.

## 4. Participation Rights

- 4.1 The Optionholder is not entitled to participate in any new issue of securities to existing holders of Shares in the Company unless:
- (a) the Optionholder has become entitled to exercise the Options under clauses 1.6, 2 or 3; and
- (b) the Optionholder does so before the record date for the determination of entitlements to the new issue of securities and participates as a result of being a holder of Shares.
- The Company must give the Optionholder, in accordance with the Listing Rules, notice of any new issue of securities before the record date for determining entitlements to the new issue.
- 4.2 In the event of a bonus issue of Shares being made pro-rata to shareholders (Bonus Issue), the number of Shares issued to an Optionholder on exercise of each Option will include the number of Shares that would have been issued to the Optionholder if the Option had been exercised prior to the record date for the Bonus Issue (Bonus Shares). No adjustment will be made to the Exercise Price. The Bonus Shares must be paid up by the Company out of the profits or reserves (as the case may be) in the same manner as was applied in the Bonus Issue and upon issue rank pari passu in all respects with the other Shares of that class on issue at the date of issue of the Bonus Shares.
- 4.3 If the Company makes a pro rata issue of securities (except a bonus issue) to the holders of Shares the Exercise Price shall be reduced according to the formula specified in the Listing Rules.
- 4.4 If, prior to the expiry of any Options, there is a reorganisation (including a consolidation, subdivision, reduction or return) of the issued capital of the Company, then the rights of a Participant (including the number of Options to which each Optionholder is entitled and the Exercise Price) will be changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.
- 4.5 If, prior to the expiry of any Options, a resolution for a members' voluntary winding up of the Company is proposed (other than the purpose of a reconstruction or amalgamation) the Board may, in its absolute discretion, give written notice to Optionholder of the proposed resolution. Subject to the Exercise Conditions, the Optionholder may, during the period referred to in the notice, exercise their Options.
- 4.6 The Options will not give any right to participate in dividends until Shares are allotted pursuant to the exercise of the relevant Options.

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 24 November 2021**, 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 VOTE ONLINE

Vote online at <https://investor.automic.com.au/#/loginsah>

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

- ✓ **Save Money:** help minimise unnecessary print and mail costs for the Company.
- ✓ **It's Quick and Secure:** provides you with greater privacy, eliminates any postal delays and the risk of potentially getting lost in transit.
- ✓ **Receive Vote Confirmation:** instant confirmation that your vote has been processed. It also allows you to amend your vote if required.



## SUBMIT YOUR PROXY VOTE BY PAPER

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>.

