
AURORA METALS LIMITED

ACN 126 634 606

NOTICE OF GENERAL MEETING

Notice is given that the Meeting will be held at:

TIME: 11am

DATE: Friday 8th April 2022

PLACE: Aurora Metals Limited Level 16 ,5 Martin Place Sydney NSW 2000.

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

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

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 10am on Wednesday 6th April 2022.

BUSINESS OF THE MEETING

AGENDA

1. RESOLUTION 1 – ADOPTION OF INCENTIVE OPTION PLAN

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

“That approval is given for the Company to adopt an employee incentive scheme titled “Incentive Option Plan” and for the issue of securities under that Plan, on the terms and conditions set out in the Explanatory Statement.”

A voting prohibition statement applies to this Resolution. Please see below.

2. RESOLUTION 2 – ISSUE OF INCENTIVE OPTIONS TO DIRECTOR – RALPH DE LACEY

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

“That, subject to the passing of Resolution 1, for the purposes of section 195(4) and section 208 of the Corporations Act, and for all other purposes, approval is given for the Company to issue 10,000,000 Options to Ralph De Lacey (or his nominee) under the Incentive Option Plan on the terms and conditions set out in the Explanatory Statement.”

A voting prohibition statement applies to this Resolution. Please see below.

3. RESOLUTION 3 – ISSUE OF INCENTIVE OPTIONS TO DIRECTOR – ZE HUANG CAI

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

“That, subject to the passing of Resolution 1, for the purposes of section 195(4) and section 208 of the Corporations Act, and for all other purposes, approval is given for the Company to issue 10,000,000 Options to Ze Huang Cai (or his nominee) under the Incentive Option Plan on the terms and conditions set out in the Explanatory Statement.”

A voting prohibition statement applies to this Resolution. Please see below.

4. RESOLUTION 4 – ISSUE OF INCENTIVE OPTIONS TO DIRECTOR – YADING WAN

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

“That, subject to the passing of Resolution 1, for the purposes of section 195(4) and section 208 of the Corporations Act, and for all other purposes, approval is given for the Company to issue 20,000,000 Options to Yading Wan (or his nominee) under the Incentive Option Plan on the terms and conditions set out in the Explanatory Statement.”

A voting prohibition statement applies to this Resolution. Please see below.

Dated: 8 March 2022

By order of the Board

A handwritten signature in cursive script that reads "Ralph De Lacey". The signature is written in black ink and is positioned to the left of a vertical line.

**Mr Ralph De Lacey
Managing Director**

Voting Prohibition Statements

Resolution 1 – Adoption of Incentive Option Plan	<p>A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:</p> <ul style="list-style-type: none">(a) the proxy is either:<ul style="list-style-type: none">(i) a member of the Key Management Personnel; or(ii) a Closely Related Party of such a member; and(b) the appointment does not specify the way the proxy is to vote on this Resolution. <p>However, the above prohibition does not apply if:</p> <ul style="list-style-type: none">(a) the proxy is the Chair; and(b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.
Resolution 2 – Issue of Incentive Options to Director	<p>In accordance with section 224 of the Corporations Act, a vote on this Resolution must not be cast (in any capacity) by or on behalf of a related party of the Company to whom the Resolution would permit a financial benefit to be given, or an associate of such a related party (Resolution 2 Excluded Party). However, the above prohibition does not apply if the vote is cast by a person as proxy appointed by writing that specifies how the proxy is to vote on the Resolution and it is not cast on behalf of a Resolution 2 Excluded Party.</p> <p>In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:</p> <ul style="list-style-type: none">(a) the proxy is either:<ul style="list-style-type: none">(i) a member of the Key Management Personnel; or(ii) a Closely Related Party of such a member; and(b) the appointment does not specify the way the proxy is to vote on this Resolution. <p>Provided the Chair is not a Resolution 2 Excluded Party, the above prohibition does not apply if:</p> <ul style="list-style-type: none">(a) the proxy is the Chair; and(b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.
Resolution 3 – Issue of Incentive Options to Director	<p>In accordance with section 224 of the Corporations Act, a vote on this Resolution must not be cast (in any capacity) by or on behalf of a related party of the Company to whom the Resolution would permit a financial benefit to be given, or an associate of such a related party (Resolution 3 Excluded Party). However, the above prohibition does not apply if the vote is cast by a person as proxy appointed by writing that specifies how the proxy is to vote on the Resolution and it is not cast on behalf of a Resolution 3 Excluded Party.</p> <p>In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:</p> <ul style="list-style-type: none">(a) the proxy is either:

	<ul style="list-style-type: none"> (i) a member of the Key Management Personnel; or (ii) a Closely Related Party of such a member; and <p>(b) the appointment does not specify the way the proxy is to vote on this Resolution.</p> <p>Provided the Chair is not a Resolution 3 Excluded Party, the above prohibition does not apply if:</p> <ul style="list-style-type: none"> (a) the proxy is the Chair; and (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.
<p>Resolution 4– Issue of Incentive Options to Director</p>	<p>In accordance with section 224 of the Corporations Act, a vote on this Resolution must not be cast (in any capacity) by or on behalf of a related party of the Company to whom the Resolution would permit a financial benefit to be given, or an associate of such a related party (Resolution 4 Excluded Party). However, the above prohibition does not apply if the vote is cast by a person as proxy appointed by writing that specifies how the proxy is to vote on the Resolution and it is not cast on behalf of a Resolution 4 Excluded Party.</p> <p>In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:</p> <ul style="list-style-type: none"> (a) the proxy is either: <ul style="list-style-type: none"> (i) a member of the Key Management Personnel; or (ii) a Closely Related Party of such a member; and (b) the appointment does not specify the way the proxy is to vote on this Resolution. <p>Provided the Chair is not a Resolution 4 Excluded Party, the above prohibition does not apply if:</p> <ul style="list-style-type: none"> (a) the proxy is the Chair; and (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

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

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

Voting by proxy

Online	Lodge the Proxy Form online at https://investor.automic.com.au/#/loginsah by following the below instructions: Login to the Automic website using the holding details as shown on the Proxy Form. Click on 'View Meetings' – 'Vote'. To use the online lodgement facility, Shareholders will need their holder number (Securityholder Reference Number (SRN) or Holder Identification Number (HIN)) as shown on the front of the Proxy Form. For further information on the online proxy lodgment process please see the Online Proxy Lodgment Guide at https://www.automicgroup.com.au/virtual-agms/
By post	Automic, GPO Box 5193, Sydney NSW 2001
By hand	Automic, Level 5, 126 Phillip Street, Sydney NSW 2000 ☐

Your Proxy Form must be received not later than 48 hours before the commencement of the Meeting.

Proxy Forms received later than this time will be invalid.

Note: 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.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 2 8072 1400.

EXPLANATORY STATEMENT

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

1. RESOLUTION 1 – ADOPTION OF INCENTIVE OPTION PLAN

1.1 Background

Subject to Shareholder approval, the Company is proposing to adopt an Incentive Option Plan (**Plan**) to:

- (a) establish a method by which Eligible Participants can participate in the future growth and profitability of the Company;
- (b) provide an incentive and reward for Eligible Participants for their contributions to the Company; and
- (c) attract and retain a high standard of managerial and technical personnel for the benefit of the Company.

A summary of the material terms and conditions of the Plan is set out in Schedule 1.

1.2 Purpose

The Board is of the opinion that the engagement and retention of highly-skilled and qualified executives and employees is a crucial factor in the Company's commercial success. The Board considers that for the purposes of achieving strategic objectives, acting as a reputable and competitive player in the market, and maximising shareholder value, it is important to be able to offer balanced and proportionate remuneration to the Company's human capital assets.

In light of this reasoning, the Board considers that the Company can either:

- (a) offer higher cash remuneration; or
- (b) offer Options to such Eligible Participants under a plan such as the proposed Plan.

Amongst the benefits of the second alternative, the Board notes the benefits the Company will experience from paying out less in executive/employee pay as well as the independent research which demonstrates that executives/employees who are incentivised under an employee incentive plan have greater aligned interests with the members of the company.

1.3 Directors Recommendation

As the Directors are excluded from voting on this Resolution 1 they do not wish to make a recommendation as to how Shareholders should vote.

Please note that if the Chair of the Meeting is your proxy (or becomes your proxy by default), you expressly authorise the Chair to exercise your proxy on Resolution 1 even though it is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company, which includes the Chair. If you appoint the Chair as your proxy you

can direct the Chair to vote for or against or abstain from voting on Resolution 1 by marking the appropriate box on the proxy form.

2. RESOLUTIONS 2 TO 4 – ISSUE OF INCENTIVE OPTIONS TO DIRECTORS

2.1 General

The Company has agreed, subject to obtaining Shareholder approval and to the adoption of the Plan (refer to Resolution 1), to issue a total of 40,000,000 Options to Messrs Ralph De Lacey, Ze Huang Cai, and Yading Wan (or their nominees) (together, the **Related Parties**) pursuant to the Plan and on the terms and conditions set out below (**Incentive Options**).

2.2 Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act requires that for a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

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

The issue of the Incentive Options to the Related Parties constitutes giving a financial benefit and each of the Related Parties is a related party of the Company by virtue of being a Director.

As the Incentive Options are proposed to be issued to all of the Directors, the Directors are unable to form a quorum to consider whether one of the exceptions set out in sections 210 to 216 of the Corporations Act applies to the issue of the Incentive Options. Accordingly, Shareholder approval for the issue of Incentive Options to the Related Parties is sought in accordance with Chapter 2E of the Corporations Act.

2.3 Technical information required by section 219 of the Corporations Act

Pursuant to and in accordance with the requirements of section 219 of the Corporations Act, the following information is provided in relation to Resolutions 2 to 4:

- (a) the Incentive Options will be issued to the following persons:
 - (i) Ralph De Lacey (or his nominee) pursuant to Resolution 2;
 - (ii) Ze Huang Cai (or his nominee) pursuant to Resolution 3; and
 - (iii) Yading Wan (or his nominee) pursuant to Resolution 4,each of whom is a Director;
- (b) the maximum number of Incentive Options to be issued to the Related Parties (being the nature of the financial benefit proposed to be given) is 40,000,000 Options comprising:

- (i) 10,000,000 Incentive Options to Ralph De Lacey (or his nominee) pursuant to Resolution 2;
 - (ii) 10,000,000 Incentive Options to Ze Huang Cai (or his nominee) pursuant to Resolution 3; and
 - (iii) 20,000,000 Incentive Options to Yading Wan (or his nominee) pursuant to Resolution 4;
- (c) as this is the first time that the Shareholder approval is being sought for the adoption of the Plan, no Options have been previously issued under the Plan;
- (d) a summary of the material terms and conditions of the Incentive Options is set out in Schedule 2;
- (e) the Incentive Options are unquoted Options. The Company has chosen to issue Incentive Options to the Related Parties for the following reasons:
 - (i) the Incentive Options are unquoted; therefore, the issue of the Incentive Options has no immediate dilutionary impact on Shareholders;
 - (ii) the deferred taxation benefit which is available to the Related Parties in respect of an issue of Options is also beneficial to the Company as it means the Related Parties are not required to immediately sell the Incentive Options to fund a tax liability (as would be the case in an issue of Shares where the tax liability arises upon issue of the Shares) and will instead, continue to hold an interest in the Company; and
 - (iii) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Incentive Options on the terms proposed;
- (f) the number of Incentive Options to be issued to each of the Related Parties has been determined based upon a consideration of:
 - (i) the remuneration of the Related Parties; and
 - (ii) incentives to attract and ensure continuity of service/retain the service of the Related Parties who have appropriate knowledge and expertise, while maintaining the Company's cash reserves.
- (g) the total remuneration package for each of the Related Parties for the previous financial year and the proposed total remuneration package for the current financial year are set out below:

Related Party	Current Financial Year ending 30 June 2022 ¹	Previous Financial Year ended 30 June 2021 ^{1,2}
Ralph De Lacey	460,000 ³	460,000 ⁴
Ze Huang Cai	460,000 ⁵	460,000 ⁶
Yading Wan	54,750 ⁷	54,750 ⁸

Notes:

1. Comprising salary/Director fees and superannuation.
 2. The Company notes that whilst the Directors were entitled to receive salary/Director fees and superannuation payments for the financial year ended 30 June 2021, they did not receive any.
 3. Mr De Lacey has received share-based payments of \$248,411 relating to an issue of Options (which Options have since been voluntarily relinquished) and will receive a further share-based payment of \$890,000 (being, the value of the Options to be issued pursuant to Resolution 2 assuming Shareholder approval is obtained).
 4. Mr De Lacey received share-based payments of \$899,334 of which \$899,334 is attributed to the value of Options issued to Mr De Lacey in the previous financial year under the Company's incentive plan, which Options have since expired (unexercised) or were voluntarily relinquished.
 5. Mr Cai has received share-based payments of \$248,411 relating to an issue of Options (which Options have since been voluntarily relinquished) and will receive a further share-based payment of \$890,000 (being, the value of the Options to be issued pursuant to Resolution 3 assuming Shareholder approval is obtained).
 6. Mr Cai received share-based payments of \$899,334 of which \$899,334 is attributed to the value of Options issued to Mr Cai in the previous financial year under the Company's incentive plan, which Options have since expired (unexercised) or were voluntarily relinquished.
 7. Mr Wan has received share-based payments of \$257,745 relating to an issue of Options (which Options have since been voluntarily relinquished) and will receive a further share-based payment of \$1,780,000 (being, the value of the Options to be issued pursuant to Resolution 4 assuming Shareholder approval is obtained).
 8. Mr Wan received share-based payments of \$899,334 of which \$899,334 is attributed to the value of Options issued to Mr Wan in the previous financial year under the Company's incentive plan, which Options have since expired (unexercised) or were voluntarily relinquished.
- (h) the value of the Incentive Options and the pricing methodology is set out in Schedule 3;
- (i) the relevant interests of the Related Parties in securities of the Company as at the date of this Notice are set out below:

Related Party	Shares ¹	Options
Ralph De Lacey	5,586,806 ²	-
Ze Huang Cai	42,630,326 ³	-
Yading Wan	353,569,108 ⁴	-

Notes:

1. Fully paid ordinary shares in the capital of the Company.
 2. Comprising, 3,535,963 Shares held directly by Ralph De Lacey ATF Ralph De Lacey Superannuation Fund, 2,046,843 Shares held indirectly by NQ Mining Enterprises Pty Ltd, 1,000 Shares held indirectly by Contin NQ Pty Ltd, 1,000 Shares held indirectly by NQ Ex Pty Ltd, 1,000 Shares held indirectly by NQ Mining and Exploration Pty Ltd and 1,000 Shares held indirectly by Palmer Gold NQ Pty Ltd (being, entities controlled by Mr De Lacey).
 3. Comprising 1,513,405 Shares held directly by Ze Huang Cai and 41,116,921 Shares held indirectly by Snow Peak Mining Pty Ltd (an entity controlled by Mr Cai).
 4. Held indirectly by Cyan Stone Pty Ltd (an entity controlled by Mr Wan).
- (j) if the Options issued to the Related Parties are exercised, a total of 40,000,000 Shares would be issued. This will increase the number of Shares on issue from 659,808,363 (being the total number of Shares on issue as at the date of this Notice) to 699,808,363 (assuming that no Shares are issued and no convertible securities vest or are exercised) with the effect that the shareholding of existing Shareholders would be diluted by an aggregate of 5.72%, comprising 1.43% by Mr De Lacey, 1.43% by Mr Cai and 2.86% by Mr Wan;
- (k) the Incentive Options will be issued to the Related Parties no later than 15 days after the date of the Meeting and it is anticipated the Incentive Options will be issued on one date;
- (l) the issue price of the Incentive Options will be nil, as such no funds will be raised from the issue of the Incentive Options (other than in respect of funds received on exercise of the Incentive Options);
- (m) the purpose of the issue of the Incentive Options is to provide a performance linked incentive component in the remuneration package for the Related Parties to align the interests of the Related Parties with those of Shareholders, to motivate and reward the performance of the Related Parties in their roles as Directors and to provide a cost effective way from the Company to remunerate the Related Parties, which will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to the Related Parties;
- (n) a summary of the material terms and conditions of the Plan is set out in Schedule 1;
- (o) each Director has a material personal interest in the outcome of Resolutions 2 to 4 on the basis that all of the Directors (or their nominees) are to be issued Incentive Options should Resolutions 2 to 4 be passed. For this reason, the Directors do not believe that it is appropriate to make a recommendation on Resolutions 2 to 4 of this Notice; and
- (p) the Board is not aware of any other information that is reasonably required by Shareholders to allow them to decide whether it is in the best interests of the Company to pass Resolutions 2 to 4.

GLOSSARY

\$ means Australian dollars.

ASIC means the Australian Securities & Investments Commission.

Associated Body Corporate means

- (a) a related body corporate (as defined in the Corporations Act) of the Company;
- (b) a body corporate which has an entitlement to not less than 20% of the voting Shares of the Company; and
- (c) a body corporate in which the Company has an entitlement to not less than 20% of the voting shares.

Board means the current board of directors of the Company.

Business Day means a day that is not a Saturday, Sunday, public holiday or bank holiday in Queensland.

Chair means the chair of the Meeting.

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

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

Company means Aurora Metals Limited (ACN 126 634 606).

Constitution means the Company's constitution.

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

Directors means the current directors of the Company.

Explanatory Statement means the explanatory statement accompanying the Notice.

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

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

Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

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

Option means an option to acquire a Share with the terms and conditions set out in Schedule 2.

Optionholder means a holder of an Option.

Option Plan means the incentive option plan the subject of Resolution 1 as summarised in Schedule 1.

Proxy Form means the proxy form accompanying the Notice.

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

Section means a section of the Explanatory Statement.

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

Shareholder means a registered holder of a Share.

EST means Eastern Standard Time as observed in Cairns, Queensland.

SCHEDULE 1 – TERMS AND CONDITIONS OF INCENTIVE OPTION PLAN

(a) **Eligibility**

Participants in the Option Plan may be:

- (i) a Director (whether executive or non-executive) of the Company and any Associated Body Corporate of the Company (each, a **Group Company**);
- (ii) a full or part time employee of any Group Company;
- (iii) a casual employee or contractor of a Group Company to the extent permitted by ASIC Class Order 14/1000, if the Class Order is being relied on (**Class Order**); or
- (iv) a prospective participant, being a person to whom the offer is made but who can only accept the offer if an arrangement has been entered into that will result in the person becoming a participant under subparagraphs (i), (ii), or (iii) above,

who is declared by the Board to be eligible to receive grants of Options under the Option Plan (**Eligible Participant**).

(b) **Offer**

The Board may, from time to time, in its absolute discretion, make a written offer to any Eligible Participant to apply for up to a specified number of Options, upon the terms set out in the Option Plan and upon such additional terms and conditions as the Board determines.

(c) **Exercise price**

The Board may determine the exercise price (if any) for an Option offered under an offer under the Option Plan in its absolute discretion.

(d) **Vesting conditions**

An Option may be made subject to vesting conditions as determined by the Board in its discretion and as specified in the offer for the Option (**Vesting Conditions**).

(e) **Vesting**

The Board may in its absolute discretion (except in respect of a change of control occurring where Vesting Conditions are deemed to be automatically waived) by written notice to a Participant (being an Eligible Participant to whom Options have been granted under the Option Plan or their nominee where the Options have been granted to the nominee of the Eligible Participant (**Relevant Person**)), resolve to waive any of the Vesting Conditions applying to Options due to:

- (i) special circumstances arising in relation to a Relevant Person in respect of those Options, being:
 - (A) a Relevant Person ceasing to be an Eligible Participant due to:

- (I) death or total or permanent disability of a Relevant Person; or
 - (II) retirement or redundancy of a Relevant Person;
 - (B) a Relevant Person suffering severe financial hardship;
 - (C) any other circumstance stated to constitute "special circumstances" in the terms of the relevant offer made to and accepted by the Participant; or
 - (D) any other circumstances determined by the Board at any time (whether before or after the offer) and notified to the relevant Participant which circumstances may relate to the Participant, a class of Participant, including the Participant or particular circumstances or class of circumstances applying to the Participant,
- (Special Circumstances)**, or
- (ii) a change of control occurring; or
 - (iii) the Company passing a resolution for voluntary winding up, or an order is made for the compulsory winding up of the Company.

(f) **Lapse of an Option**

An Option will lapse upon the earlier to occur of:

- (i) an unauthorised dealing in, or hedging of, the Option occurring;
- (ii) a Vesting Condition in relation to the Option is not satisfied by its due date, or becomes incapable of satisfaction, as determined by the Board in its absolute discretion, unless the Board exercises its discretion to waive the Vesting Conditions and vest the Option in the circumstances set out in paragraph (e) or the Board resolves, in its absolute discretion, to allow the unvested Options to remain unvested after the Relevant Person ceases to be an Eligible Participant;
- (iii) in respect of unvested Option only, a Relevant Person ceases to be an Eligible Participant, unless the Board exercises its discretion to vest the Option in the circumstances set out in paragraph (e) or the Board resolves, in its absolute discretion, to allow the unvested Options to remain unvested after the Relevant Person ceases to be an Eligible Participant;
- (iv) in respect of vested Options only, a Relevant Person ceases to be an Eligible Participant and the Options granted in respect of that Relevant Person are not exercised within one (1) month (or such later date as the Board determines) of the date that Relevant Person ceases to be an Eligible Participant;
- (v) the Board deems that an Option lapses due to fraud, dishonesty or other improper behaviour of the Eligible Participant;
- (vi) the Company undergoes a change of control or a winding up resolution or order is made and the Board does not exercise its discretion to vest the Option; and

(vii) the expiry date of the Option.

(g) **Not transferrable**

Options are only transferrable in Special Circumstances with the prior written consent of the Board (which may be withheld in its absolute discretion) or by force of law upon death, to the Participant's legal personal representative or upon bankruptcy to the participant's trustee in bankruptcy.

(h) **Shares**

Shares resulting from the exercise of the Options shall, subject to any sale restrictions (refer to paragraph (i)), from the date of issue, rank on equal terms with all other Shares on issue.

(i) **Sale restrictions**

The Board may, in its discretion, determine at any time up until exercise of Options, that a restriction period will apply to some or all of the Shares issued to a Participant on exercise of those Options (**Restriction Period**). In addition, the Board may, in its sole discretion, having regard to the circumstances at the time, waive any such Restriction Period.

(j) **Quotation of Shares**

If Shares of the same class as those issued upon exercise of Options issued under the Option Plan are quoted on the ASX, the Company will, apply to the ASX for those Shares to be quoted on ASX within 10 business days of the later of the date the Shares are issued and the date any Restriction Period applying to the disposal of Shares ends. The Company will not apply for quotation of any Options on the ASX.

(k) **No participation rights**

There are no participation rights or entitlements inherent in the Options and Participants will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(l) **Change in exercise price or number of underlying securities**

An Option does not confer the right to a change in exercise price or in the number of underlying Shares over which the Option can be exercised.

(m) **Reorganisation**

If, at any time, the issued capital of the Company is reorganised (including consolidation, subdivision, reduction or return), the terms of the Options will be changed in a manner consistent with the Corporations Act at the time of the reorganisation.

(n) **Amendments**

Subject to express restrictions set out in the Option Plan and complying with the Corporations Act, and any other applicable law, the Board may, at any time, by resolution amend or add to all or any of the provisions of the Option Plan, or the terms or conditions of any Option granted under the Option Plan including giving any amendment retrospective effect.

SCHEDULE 2 – TERMS AND CONDITIONS OF INCENTIVE OPTIONS

(a) **Condition Precedent**

The Options shall be granted subject to:

- (i) the approval of Shareholders; and
- (ii) for existing holders of Options granted under a previous incentive option scheme (**Previous Options**), the cancellation of all unexercised Previous Options in full, whether vested or not.

(b) **Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(c) **Exercise Price**

Subject to paragraph (i), the amount payable upon exercise of each Option will be \$0.001 (**Exercise Price**).

(d) **Exercise Period and Expiry Date**

Each Option will expire at 5:00 pm (AEST) on the date that is 5 years from the date of issue of the Options (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

The Options may be exercised during the relevant Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(g) **Timing of issue of Shares on exercise**

Within 15 Business Days after the Exercise Date, the Company will:

- (i) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section

708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and

- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) **Shares issued on exercise**

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(i) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of a holder are to be changed in a manner consistent with the Corporations Act at the time of the reconstruction.

(j) **Participation in new issues**

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

(k) **Change in exercise price**

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

(l) **Transferability**

The Options are not transferable.

SCHEDULE 3 – VALUATION OF INCENTIVE OPTIONS

The Incentive Options to be issued to the Related Parties pursuant to Resolutions 2 to 4 have been valued by internal management.

Using the Black & Scholes option model and based on the assumptions set out below, the Incentive Options were ascribed the following value:

Assumptions:	
Valuation date	1 February 2022
Adjusted Net Asset Backing Per Share	9 cents
Exercise price	0.1 cents
Expiry date (length of time from issue)	Five (5) years after the Vesting Date
Risk free interest rate	1.55%
Volatility (discount)	115%
Indicative value per Incentive Option	8.9 cents
Total Value of Incentive Options	\$3,560,000
- 10,000,000 (Resolution 2)	\$890,000
- 10,000,000 (Resolution 3)	\$890,000
- 20,000,000 (Resolution 4)	\$1,780,000

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