
WESTSTAR INDUSTRIAL LIMITED

ACN 119 047 693

NOTICE OF GENERAL MEETING

TIME: 12.00 pm (WST)
DATE: 24 December 2019
PLACE: Suite 1, 437 Roberts Road, Subiaco

This Notice of General Meeting is an important document and requires your immediate attention. Please read it carefully. If you are in doubt as to what you should do, please consult your professional adviser.

CONTENTS PAGE

| | |
|--|----------|
| Business of the Meeting (setting out the proposed resolutions) | 3 |
| Explanatory Statement (explaining the proposed resolutions) | 5 |
| Glossary | 13 |
| Proxy Form | Enclosed |

IMPORTANT INFORMATION

TIME AND PLACE OF MEETING

The General Meeting of the Shareholders of WestStar Industrial Limited which this Notice of General Meeting relates to, will be held at 12:00 pm (WST) on 24 December 2019 at:

Suite 1, 437 Roberts Road, Subiaco,
Western Australia

YOUR VOTE IS IMPORTANT

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

VOTING ELIGIBILITY

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 12:00 pm (WST) on 22 December 2019.

VOTING IN PERSON

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

VOTING BY PROXY OR CORPORATE REPRESENTATIVE

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, members are advised that:

- each member has a right to appoint a proxy;
- the proxy need not be a member of the Company; and
- a member who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 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.

Sections 250BB and 250BC of the Corporations Act came into effect on 1 August 2011 and apply to voting by proxy on or after that date. Shareholders and their proxies should be aware of these changes to the Corporations Act, as they will apply to this Meeting. Broadly, the changes mean 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.

Further details on these changes are set out below.

Proxy vote if appointment specifies way to vote

Section 250B(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does:**

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- if the proxy is not the chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
 - the proxy is not recorded as attending the meeting;
 - the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

Lodgement of proxies

The proxy form (and other power of attorney or other authority, if any, under which the proxy form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the proxy form (and the power of attorney or other authority) must be deposited at or posted to, the Share Registry at the below address or sent by facsimile to the Company on +61 8 9381 2330 not less than 48 hours before the time for holding the meeting, or adjourned meeting as the case may be, at which the individual named in the proxy proposes to vote.

| <u>Delivery Address</u> | <u>Postal Address</u> |
|---|---|
| Automatic Registry Services Suite 310, Level 3, 50 Holt Street Surry Hills NSW 2010 | Automatic Registry Services PO Box 2226 Strawberry Hills NSW 2012 |

A proxy form is attached to this notice

Corporate Representatives

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the certificate may be obtained from the Company share registry.

BUSINESS OF THE MEETING

AGENDA

1. RESOLUTION 1 – ISSUE OF CONSIDERATION SHARES

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

"That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 329,294,000 Consideration Shares to the Vendors (or their respective nominees) as part consideration for the Acquisition as set out in the Explanatory Statement."

Short Explanation of Resolution: The Company has entered into the Share Sale Agreement pursuant to which the Company will acquire 100% of the issued capital of Alltype Engineering Pty Ltd from the Vendors. The Company seeks Shareholder approval for the issue of the above Shares as part consideration for the Acquisition in accordance with ASX Listing Rule 7.1.

Voting Exclusion Statement: The Company will disregard any votes cast in favour of this Resolution by or on behalf of the Vendors (or their respective nominees) or any person who will obtain a material benefit as a result of the Acquisition (except a benefit solely by reason of being a holder of ordinary securities in the Company) or any associates of those persons.

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

- (a) a person as proxy or attorney for a person who is entitled to vote on this Resolution in accordance with directions given to the proxy or attorney to vote on this Resolution in that way; or
- (b) the chair of the meeting as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with a direction given to the chair to vote on this 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 the Vendors, on this 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.

2. RESOLUTION 2 – ISSUE OF DEFERRED CONSIDERATION SHARES

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

"That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 243,387,647 Deferred Consideration Shares to the Vendors (or their respective nominees) as part consideration for the Acquisition as set out in the Explanatory Statement."

Short Explanation of Resolution: The Company has entered into the Share Sale Agreement pursuant to which the Company will acquire 100% of the issued capital of Alltype Engineering Pty Ltd from the Vendors. The Company seeks Shareholder approval for the issue of the above Shares as part consideration for the Acquisition in accordance with ASX Listing Rule 7.1.

Voting Exclusion Statement: The Company will disregard any votes cast in favour of this Resolution by or on behalf of the Vendors (or their respective nominees) or any person who will obtain a material benefit as a result of the Acquisition (except a benefit solely by reason of being a holder of ordinary securities in the Company) or any associates of those persons.

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

- (a) a person as proxy or attorney for a person who is entitled to vote on this Resolution in accordance with directions given to the proxy or attorney to vote on this Resolution in that way; or
- (b) the chair of the meeting as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with a direction given to the chair to vote on this 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 the Vendors, on this 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.

DATED: 22 November 2019

BY ORDER OF THE BOARD

DEREK HALL
COMPANY SECRETARY
WESTSTAR INDUSTRIAL LIMITED

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EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of the Shareholders of the Company in connection with the business to be conducted at the General Meeting to be held at Suite 1, 437 Roberts Road, Subiaco, Western Australia at 12:00 pm (WST) on 24 December 2019.

This purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions in the Notice of Meeting.

1. ACQUISITION OF ALLTYPE ENGINEERING PTY LTD

1.1 Background to the Acquisition of Alltype

The Company has entered into a share sale agreement with Alltype Engineering Pty Ltd (ACN 074 494 652) (**Alltype**) and the entities listed in Annexure A of this Notice of Meeting (**Vendors**) (**Share Sale Agreement**), pursuant to which the Vendors have agreed to sell, and the Company has agreed to purchase, 100% of the fully paid ordinary shares in the capital of Alltype that are on issue at settlement of the acquisition of Alltype (**Acquisition**).

The principal activity of the Company is as a provider of structural mechanical and piping (**SMP**) and electrical and instrumentation (**E&I**) works for infrastructure, energy, mining, oil and gas projects (**Existing Business**).

Alltype was incorporated in Western Australia and is a proprietary company limited by shares. Alltype is a provider of workshop fabrication, site installation, construction, maintenance services and SMP and E&I works for infrastructure, energy, mining, oil and gas projects (**New Business**).

The Company's strategy is to:

- (a) complement its Existing Business' offering and increase its overall capability with the acquisition of highly-synergetic Alltype as a provider of workshop fabrication, site installation, construction, maintenance services, SMP and E&I works for infrastructure, energy, mining, oil and gas projects;
- (b) further pursue its overarching strategy to establish a single source solution for multidisciplinary projects via the acquisition of suitable business extensions of the Existing Business, as demonstrated by the acquisition of SIMPEC Pty Ltd which was announced on ASX on 2 August 2017;
- (c) enable significant cross selling opportunities arising from the Acquisition, considering the very similar nature of the Existing Business and the New Business, operating in similar industry sectors and sharing similar target markets;
- (d) maximise its revenue diversification via an increased heterogeneous client base generated by the extension of its current service offering;
- (e) integrate Alltype's existing management to enable knowledge transfer across the Existing and New Business; and
- (f) generate significant efficiencies via the centralisation of core services and functions, such as administration, accounting and health & safety.

1.2 Material terms of the Share Sale Agreement

The material terms of the Acquisition are as follows:

(a) Conditions Precedent

The material conditions precedent which must be satisfied prior to the Company completing the Acquisition include:

(i) Due Diligence

The Company confirming to the Vendors that it is satisfied, in its sole discretion, with its due diligence on Alltype and the New Business, including, without limitation, Alltype's assets, operations, financial position and financial performance;

(ii) Employment Agreement

Mr Colin Heitman entering into an employment agreement with the Company as the "General Manager";

(iii) Approvals

The Company obtaining:

- (A) all shareholder approvals required by the Corporations Act and the ASX Listing Rules in order to proceed with and implement the Acquisition;

- (B) all necessary corporate and regulatory approvals and all necessary resolutions of its board of directors required in order to proceed with and implement the Acquisition; and
- (C) all required governmental, regulatory, ASX and ASIC approvals, licences and permits necessary for the Acquisition to complete and for the Company to operate its business;

(iv) **Escrow Agreements**

The Vendors entering into restriction agreements in respect of the consideration securities to be issued in consideration for 100% of the issued capital of Alltype, for a minimum period of 12 months from the date of issue or for the period required under the ASX Listing Rules, by the ASX or by the Company;

(v) **Vendors' Guarantees**

On or prior to settlement of the Share Sale Agreement, the Vendors providing various Vendor guarantees;

(vi) **Alltype Share Sale Agreement**

Settlement of an unrelated agreement between the Vendors;

(vii) **Lease Agreement**

Execution by the Company and Alltype of a lease agreement for 52 Hope Valley Rd, Naval Base, 6165, Western Australia, on standard commercial rates and terms.

(together, the **Conditions Precedent**).

(b) **Consideration**

The consideration payable by the Company is comprised of two tranches of fully paid ordinary shares in the capital of the Company where, for the purpose of Section 1.2(b) of this Notice of Meeting, the following terms have the following definitions:

(i) **Consideration Shares** means that number of Shares which:

- (A) when multiplied by the volume weighted average price (**VWAP**) for the Company's Shares during the seven (7) days on which trades have occurred before the day that is five (5) business days after satisfaction (or waiver) of the Conditions Precedent (**Settlement Date**), represent a dollar (\$) value of \$5,927,292;
- (B) are subject to a minimum price of \$0.018 per Consideration Share; and
- (C) are to be issued by the Company to the Vendors in the proportions set out in Item B of Annexure A.

(ii) **Deferred Consideration Shares** means following the announcement by the Company on its ASX announcements page of the audited financial results for the financial year ending 30 June 2020, the number of Shares not exceeding 243,387,647, that, when multiplied by the VWAP for the Company's Shares during the seven (7) days on which trades have occurred before the day on which the Deferred Consideration Shares are issued to the Vendors (**Issue Date**), represent a dollar (\$) value based on the following models:

- (A) If FY20 audited earnings before interest, taxation, depreciation and amortisation (**EBITDA**) is equal or greater than the EBITDA for the financial year ended 30 June 2019 (**FY19**) (**Reference EBITDA**) and equal or lower than the EBITDA equal to \$2,500,000 (**Maximum EBITDA**):

$$\text{Value of the Deferred Consideration Shares (in \$)} = [(\text{FY20 EBITDA} \times 3.50) + \text{Net Cash} - 5,927,292]; \text{ or}$$
- (B) If FY20 EBITDA is greater than Maximum EBITDA:

$$\text{Value of the Deferred Consideration Shares (in \$)} = [(\text{Maximum EBITDA} \times 3.50) + \text{Net Cash} - 5,927,292]; \text{ or}$$
- (C) If FY20 EBITDA is equal or greater than 70% (seventy percent) of the Reference EBITDA and lower than Reference EBITDA:

$$\text{Value of the Deferred Consideration Shares (in \$)} = [(\text{FY20 EBITDA} \times 3.50) + \text{Net Cash}] \times 30\%; \text{ or}$$
- (D) If FY20 EBITDA is lower than 70% (seventy percent) of the Reference EBITDA:
Nil; and

(E) are to be issued by the Company to the Vendors in the proportions set out in Item B of Annexure A.

For the avoidance of doubt, the maximum number of Shares that can be issued as Deferred Consideration may not exceed 243,387,647, based on a minimum issue price of \$0.018 per Share.

1.3 Worked example of Deferred Consideration Issue Price

Set out below is a worked example of the formula by which the Company will calculate the issue price of the Deferred Consideration Shares:

| Day on which trading is recorded prior to the issue date | Value of Shares traded (A) | Volume of Shares traded (B) | A/B = VWAP price |
|--|----------------------------|-----------------------------|------------------|
| Day 1 | \$15,000 | 800,000 | |
| Day 2 | \$8,000 | 500,000 | |
| Day 3 | \$4,000 | 200,000 | |
| Day 4 | \$8,000 | 400,000 | |
| Day 5 | \$25,000 | 1,100,000 | |
| Day 6 | \$18,000 | 1,000,000 | |
| Day 7 | \$22,000 | 1,000,000 | |
| TOTAL | \$100,000 | 5,000,000 | \$0.02 |

In this example, over the seven days prior to the Issue Date, trades to the value of \$100,000 relating to 5,000,000 Shares were recorded of the Company's Shares on the ASX. As set out above, this returns a seven-day VWAP of \$0.02. As set out at section 1.2(b)(ii) above, the minimum issue price for the Deferred Consideration Shares is \$0.018.

1.4 Worked example of maximum issue of Deferred Consideration Shares

Set out below is a worked example of the formula by which the Company will calculate the maximum amount of Shares that may be issued as Deferred Consideration:

For the purposes of the calculation of the maximum amount of Shares issuable, assume:

| | |
|------------------------------|--------------------|
| FY20 EBITDA | \$2,500,000 |
| Net Cash | \$1,558,270 |
| Initial Consideration | \$5,927,292 |
| Minimum Share Price | \$0.018 |

Using the Deferred Consideration Calculation:

$$\text{Value of the Deferred Consideration Shares (in \$)} = [(\text{FY20 EBITDA} \times 3.50) + \text{Net Cash} - 5,927,292];$$
$$[(\$2,500,000 \times 3.50) + \$1,558,270 - \$5,927,292] / \$0.018 = 243,387,647$$

Set out below is a worked example of the formula by which the Company will calculate an amount of Shares (less than the maximum of 243,387,647 Shares) that may be issued as Deferred Consideration:

For the purposes of the calculation of the amount of Shares issuable, assume:

| | |
|------------------------------|--------------------|
| FY20 EBITDA | \$1,500,000 |
| Net Cash | \$1,558,270 |
| Initial Consideration | \$5,927,292 |
| Minimum Share Price | \$0.018 |

Using the Deferred Consideration Calculation:

$$\text{Value of the Deferred Consideration Shares (in \$)} = [(\text{FY20 EBITDA} \times 3.50) + \text{Net Cash} - 5,927,292];$$

$$[(\$1,500,000 \times 3.50) + \$1,558,270 - \$5,927,292] / \$0.018 = 48,943,203$$

1.5

Capital structure

The anticipated effect of the Acquisition on the capital structure of the Company in the event that the maximum amount of Consideration and Deferred Consideration Shares are issued is as follows:

| | Shares | Options |
|---|---------------|------------|
| Current issued capital | 615,754,616 | Nil |
| Consideration Shares¹ | 329,294,000 | Nil |
| Deferred Consideration² | 243,387,647 | Nil |
| Total | 1,188,436,263 | Nil |

Notes:

1. Based on a minimum price of the Consideration Shares of \$0.018. The actual number of shares to be issued will be determined using the VWAP of Shares for the 7 trading days on which trades have occurred before the Settlement Date and represent a dollar value of \$5,927,292.

This means that the actual number of Shares that can be issued as Consideration Shares under the Acquisition may be less than this maximum number at the Settlement Date.

2. Based on an a minimum price of Shares of \$0.018. The actual number of shares to be issued will be determined following the announcement by the Company on its ASX announcements page of the audited financial results for FY20, and is the number of Shares that, when multiplied by the VWAP for the Company's Shares during the 7 days on which trades have occurred before the Issue Date, represent a dollar (\$) value based on the following model:

$$\text{Value of the Deferred Consideration Shares (in \$)} = [(\text{Maximum EBITDA} \times 3.50) + \text{Net Cash} - 5,927,292]$$

This maximum figure assumes a maximum amount of Shares that can be issued as Deferred Consideration Shares based upon an example FY20 EBITDA that is greater than the Maximum EBITDA of \$2,500,000.

This means that the actual number of Shares that can be issued as Deferred Consideration Shares under the Acquisition may be less than this assumed number at the Issue Date.

1.6 Proposed timetable

The current proposed timetable is as follows:

| Event | Date |
|--|------------------|
| ASX announcement of the Acquisition | 13 November 2019 |
| Send Notice of Meeting seeking approval for issue of Shares as consideration for the Acquisition | 22 November 2019 |
| Shareholder meeting | 24 December 2019 |
| Satisfaction (or waiver) of the Conditions Precedent | 10 January 2020 |
| Completion of Acquisition at Settlement Date | 17 January 2020 |

The above timetable is indicative only and subject to change.

1.7 Composition of the Board

There will be no changes to the Board of the Company as a result of the Acquisition.

1.8 Waiver of ASX Listing Rule 7.3.2

The Company has obtained a waiver of ASX Listing Rule 7.3.2 from ASX, which allows the Company to issue the Deferred Consideration Shares outside of the 3-month period required by ASX Listing Rule 7.3.2. The conditions of ASX's waiver of ASX Listing Rule 7.3.2 are summarised below:

- (a) the Deferred Consideration Shares must be issued no later than 31 October 2020;
- (b) for any annual reporting period during which any of the Deferred Consideration Shares have been issued or any of them remain to be issued, the Company's annual report sets out in detail the number of Deferred Consideration Shares issued in that annual reporting period, the number of Deferred Consideration Shares that remain to be issued and the basis on which the Deferred Consideration Shares may be issued;
- (c) in any half year or quarterly report for a period during which the Deferred Consideration Shares are issued or remain to be issued, the Company includes a summary statement of the number issued during the reporting period, and the number that remain to be issued and the basis on which they may be issued;
- (d) the Company includes the terms of the waiver in the Notice; and
- (e) the Notice contains the full terms and conditions of the Deferred Consideration Shares.

1.9 Waiver of Listing Rule 7.3.3

The Company has obtained a waiver of ASX Listing Rule 7.3.3 from ASX, which waives the Company's obligation to specify the issue price of the Deferred Consideration Shares in this Notice. ASX Listing Rule 7.3.3 provides that when seeking shareholder approval to issue shares pursuant to ASX Listing Rule 7.1, the notice of meeting must specify the issue price of the proposed issue, which must be either a fixed price, or, a minimum price which may not be lower than 80% of the VWAP of the shares, calculated over the last 5 days on which sales of the shares were recorded. The conditions of ASX's waiver of ASX Listing Rule 7.3.3 are summarised below:

- (a) to the satisfaction of ASX, the Notice discloses the formula by which the maximum number (being 243,387,647 shares) of Deferred Consideration Shares will be issued to the recipients;
- (b) to the satisfaction of ASX, the Notice discloses the formula (with worked examples) pursuant to which the issue price of the Deferred Consideration Shares to be issued to the recipients will be calculated;
- (c) to the satisfaction of ASX, the Notice discloses the formula (with relevant worked examples) pursuant to which the number of Deferred Considerations Shares that may be issued is calculated; and
- (d) the Company includes the terms of the waiver in the Notice.

2. RESOLUTIONS 1 & 2 – ISSUE OF CONSIDERATION SHARES AND DEFERRED CONSIDERATION SHARES TO VENDORS

2.2 Resolutions 1 & 2

Resolution 1 seeks Shareholder approval to issue up to that number of Consideration Shares which, when multiplied by the VWAP for the Company's Shares during the seven (7) days on which trades have occurred before the day that is five (5) business days after the Settlement Date, represent a dollar (\$) value of \$5,927,292.

Resolution 2 seeks Shareholder approval to issue up to that number of Deferred Consideration Shares which, following the announcement by the Company on its ASX announcements page of the audited financial results for the financial year ending 30 June 2020, the number of Company Shares not exceeding 243,387,647, that, when multiplied by the VWAP for Shares during the 7 (seven) days on which trades have occurred before the Issue Date, represent a dollar (\$) value based on the models set out in Section 1.2(b)(ii) of this Notice of Meeting.

2.3 ASX Listing Rule 7.1

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

The effect of Resolution 1 will be to allow the Company to issue the Consideration Shares and the Deferred Consideration Shares pursuant to the Share Sale Agreement during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

2.4 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the issue of the Consideration Shares and the Deferred Consideration Shares:

- (a) the maximum number of Consideration Shares to be issued under Resolution 1 is up to 329,294,000 Consideration Shares;
- (b) the maximum number of Deferred Consideration Shares to be issued under Resolution 2 is up to the number of Company Shares not exceeding 243,387,647, that, when multiplied by the VWAP for the Company's Shares during the seven (7) days on which trades have occurred before the Issue Date, represent a dollar (\$) value based on the following formula:
$$\text{Value of the Deferred Consideration Shares (in \$)} = [(\text{Maximum EBITDA} \times 3.50) + \text{Net Cash} - 5,927,292];$$
- (c) the Consideration Shares the subject of Resolution 1 will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Consideration Shares will occur on the same date;
- (d) as set out at Section 1.8 above, the Company has obtained a waiver from ASX of ASX Listing Rule 7.3.2 to allow the issue of the Deferred Consideration Shares, the subject of Resolution 2, to occur on a date that is later than 3 months after the date of the Meeting (and otherwise no later than 31 October 2020) and it is intended that the issue of the Deferred Consideration Shares will occur on the same date;
- (e) the minimum price of the Consideration Shares the subject of Resolution 1 will be \$0.018 per Consideration Share and will otherwise be the VWAP for the Company's Shares during the seven (7) days on which trades have occurred before the day that is five (5) business days after the Settlement Date;
- (f) as set out at Section 1.8 above, the Company has obtained a waiver from ASX of ASX Listing Rule 7.3.3, which waives the Company's obligation to specify the issue price of the Deferred Consideration Shares in this Notice as either a fixed price, or, a minimum price which may not be lower than 80% of the VWAP of the shares, calculated over the last 5 days on which sales of the shares were recorded. The issue price of the Deferred Consideration Shares will be the VWAP for the Company's Shares during the seven (7) days on which trades have occurred before the Issue Date;
- (g) the Consideration Shares and the Deferred Consideration Shares, the subject of Resolutions 1 and 2 respectively, will be issued to the Vendors (or their respective nominees) in the proportions set out in Item B of Annexure A. None of the Vendors (or their respective nominees) are related parties of the Company;
- (h) the Consideration Shares and the Deferred Consideration Shares, the subject of Resolutions 1 and 2 respectively, will be fully paid ordinary shares in the capital of the Company issued on the same terms

and conditions as the Company's existing Shares other than in relation to any escrow period imposed by ASX; and

- (i) no funds will be raised from the issue of the Consideration Shares and the Deferred Consideration Shares, the subject of Resolutions 1 and 2 respectively, as the Consideration Shares and the Deferred Consideration Shares are being issued as consideration for the Acquisition in accordance with the terms of the Share Sale Agreement.

For personal use only

ANNEXURE A – VENDORS

Item A

| Name | Number of Vendor Shares held at Settlement |
|----------------------------|---|
| Colin Stanley Heitman | 47.25% |
| Frank Johan Gran | 15.75% |
| Kelvin Andrijich | 27.00% |
| John Anthony Joseph Andrew | 10.00% |
| Total | 100.00% |

Item B

| Name | % of Consideration Shares to be issued | % of Deferred Consideration to be issued |
|--------------------------------------|---|---|
| Colin Stanley Heitman | 45.81% | 45.81% |
| Frank Johan Gran | 15.27% | 15.27% |
| Kelvin Andrijich | 26.17% | 26.17% |
| John Anthony Joseph Andrew | 9.69% | 9.69% |
| Engzec Pty Ltd ATF GFRA Family Trust | 3.06% | 3.06% |
| Total | 100.00% | 100.00% |

GLOSSARY

\$ means Australian dollars.

Acquisition means the acquisition of Alltype in accordance with the terms and conditions of the Share Sale Agreement.

Alltype means Alltype Engineering Pty Ltd (ACN 074 494 652).

Annexure means an annexure accompanying this Notice.

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

ASIC means the Australian Securities & Investments Commission.

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

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of directors of the Company.

Bonds means the total audited value of all fully cash backed bonds and bank guarantees.

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

Chair means the chair of the Meeting.

Claim means in relation to any person, a claim, action or proceeding, judgment, damage, loss, cost, expense or liability incurred by or to or made or recovered by or against the person, however arising and whether present, unascertained, immediate, future or contingent.

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 Weststar Industrial Ltd (ACN 119 047 693).

Consideration Shares has the meaning given to that term at Section 1.2(b)(i) of this Notice of Meeting.

Constitution means the Company's constitution.

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

Deferred Consideration Shares has the meaning given to that term at Section 1.2(b) of this Notice of Meeting.

Directors means the current directors of the Company.

EBITDA means earnings before interest, taxation, depreciation and amortisation.

Explanatory Statement means the explanatory statement accompanying 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.

Maximum EBITDA means an EBITDA that is equal to \$2,500,000.

Net Cash means \$1,558,270.

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

Proxy Form means the proxy form accompanying the Notice.

Reference EBITDA means the EBITDA for the financial year ended 30 June 2019.

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

Settlement means settlement of the Acquisition in accordance with the Share Sale Agreement.

Settlement Date has the meaning given to that term at Section 1.2(b) of this Notice of Meeting.

Share Sale Agreement means the agreement between the Company and the Vendors for the acquisition by the Company of 100% of the issued capital in Alltype from the Vendors.

Section means a section of the Explanatory Statement.

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

Vendors means the entities or individuals listed at Item A of Annexure A of this Notice of Meeting.

VWAP means volume weighted average price.

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

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

Holder Number:

Vote by Proxy: WSI

Your proxy voting instruction must be received by **12.00am (WST) on Sunday, 22 December 2019**, 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.

VOTING UNDER STEP 1 - APPOINTING A PROXY

If you wish to appoint someone other than the Chairman 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 Chairman of the Meeting will be appointed as your proxy by default.

DEFAULT TO THE CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chairman 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

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

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

You must sign this form as follows in the spaces provided

Individual: Where the holding is in one name, the Shareholder must sign.

Joint holding: Where the holding is in more than one name, all of the Shareholders should sign.

Power of attorney: If you have not already 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>.

ATTENDING THE MEETING

Completion of a Proxy Voting Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Voting Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.

POWER OF ATTORNEY

If a representative as power of attorney of a Shareholder of the Company is to attend the Meeting, a certified copy of the Power of Attorney, or the original Power of Attorney, must be received by the Company in the same manner, and by the same time as outlined for proxy forms.



