



## Titomic Limited

ACN: 602 793 644

### Notice of Annual General Meeting and Explanatory Memorandum

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<b><u>Date of Meeting:</u></b>	Friday, 29 November 2019
<b><u>Time of Meeting:</u></b>	2:30pm AEDST <i>(Registration from 2:15pm AEDST)</i>
<b><u>Place of Meeting:</u></b>	Pitcher Partners Level 13/664 Collins Street Docklands, Victoria, Australia 3008

*This is an important document. It should be read in its entirety.  
If you are in doubt as to the course you should follow, consult your financial or other professional adviser.*

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Dear Fellow Shareholder,

Titomic Limited (the Company) has convened the Annual General Meeting (AGM) of Shareholders to be held on Friday, 29 November 2019 and we invite you to attend.

The meeting will be held at the offices of Pitcher Partners, Level 13/664 Collins Street, Docklands, Victoria, Australia 3008 to commence at 2:30pm with registration open from 2.15pm to consider the following items of business:

- The 2019 Annual Report;
- Adoption of the Remuneration Report for the period ended 30 June 2019;
- The re-election of Mr. Richard Willson, who in accordance with the Company's constitutional director rotation policy resigns and offers himself for re-election;
- Approval of performance-based equity to Mr Philip Vafiadis (Chairman), Mr Richard Willson, Non-Executive Director, Professor Richard Fox, Non-Executive Director and Mr Jeff Lang, Managing Director;
- Ratification of 15% placement capacity;
- Approval of new Equity Incentive Plan; and
- Approval of additional 10% placement capacity to issue equity under ASX Listing Rule 7.1A.

Attached to this letter is a Notice of the AGM and an Explanatory Memorandum setting out details on each of the resolutions to be proposed at the meeting.

If you are unable to attend the Meeting, we encourage you to vote using the Proxy Form, which is also enclosed. If you are able to attend, please bring this letter and package with you to facilitate with your registration to vote at the AGM.

We look forward to meeting those Shareholders who can attend the AGM in person.

Thank you for your continued support.

Yours sincerely;

A handwritten signature in blue ink, appearing to read "P. Vafiadis".

Mr. Philip Vafiadis  
Non-Executive Chairman  
Titomic Limited

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**TITOMIC LIMITED**

ACN: 602 793 644

**NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the 2019 Annual General Meeting of Titomic Limited ACN 602 793 644 will be held at the offices of Pitcher Partners, Level 13/664 Collins Street, Docklands, Victoria 3008 on Friday, 29 November 2019 at 2:30pm AEDT.

The attached Explanatory Statement is provided to supply Shareholders with information to allow them to make an informed decision regarding the Resolutions set out in this Notice of Meeting. The Explanatory Statement is to be read in conjunction with this Notice.

This Notice should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

**1. Agenda - Ordinary Business****2019 Annual Financial Statements**

To receive and consider the Annual Financial Report of the Company for the financial year ended 30 June 2019 together with the Remuneration Report, Director's Declaration and the reports of the Directors and company Auditor.

While no resolution is required in relation to this item, Shareholders will be given the opportunity to ask questions and make comments on the Company's Annual Financial Report.

A representative of Company's Auditor, Pitcher Partners, will be present at the Meeting and Shareholders will have an opportunity to ask the Auditor's representative questions in relation to the conduct of the audit, the Auditor's report, the Company's accounting policies, and the independence of the Auditor.

The Titomic Limited 2019 Annual Report can be viewed online at the Company's website [www.titomic.com](http://www.titomic.com) on the "Financials" page under "Investors & Press".

**Resolution 1 Adoption of 2019 Remuneration Report**

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

*"That the Company adopt the Remuneration Report for the year ended 30 June 2019 in accordance with 250R(2) of the Corporations Act."*

**Voting Exclusion Statement:**

the Company will disregard any votes cast on Resolution 1:

- a) by or on behalf of a member of the Key Management Personnel (KMP) named in the Remuneration Report or their closely related parties, regardless of the capacity in which the vote is cast; or
- b) as a proxy by a person who is a member of the KMP at the date of the AGM or their closely related parties.

However, votes will not be disregarded if they are cast as proxy for a person entitled to vote on this Resolution:

- a) in accordance with the directions on the proxy form; or
- b) by the Chairman of the meeting pursuant to an express authorisation to exercise the proxy even though Resolution 1 is connected with the remuneration of the KMP.

**The vote on this resolution is advisory only, and does not bind the Directors or the Company.**

Shareholders who intend to appoint the Chairman as proxy (including an appointment by default) should refer to the Proxy and Voting Instructions on page 4 of this Notice of Annual General Meeting. The Chairman intends to vote all undirected proxies in favour of Resolution 1.

Further details in respect of Resolution 1 are set out in the Explanatory Memorandum accompanying this Notice of Annual General Meeting.

## NOTICE OF 2019 ANNUAL GENERAL MEETING

### Resolution 2 Re-Election of Non-Executive Director – Mr. Richard Willson

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 14.4, clause 20.3 of the Constitution and for all other purposes, Mr. Richard Willson, a Non-Executive Director who retires by rotation in accordance with the Company's Constitution, and being eligible, be re-elected as a Director of the Company."*

Further details in respect of Resolution 2 are set out in the Explanatory Memorandum accompanying this Notice of Annual General Meeting.

### Resolution 3 Issue of Equity to Directors

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 10.11 and for all other purposes, that the issue of certain performance rights to:*

- a) Richard Willson (Non-Executive Director);*
- b) Professor Richard Fox (Non-Executive Director);*
- c) Philip Vafiadis (Chairman); and*
- d) Jeff Lang (Managing Director),*

*and otherwise on the terms described in the Explanatory Statement."*

#### **Voting Exclusion Statement:**

In accordance with the Corporations Act, the Company and ASX Listing Rules will disregard any votes cast in favour of this Resolution:

- a) by or on behalf of Richard Willson, Professor Richard Fox, Philip Vafiadis and Jeffrey Lang, and any of their associates, regardless of the capacity in which the vote is cast; or
- b) as a proxy by a person who is a member of KMP at the date of the AGM or their closely related parties.

However, votes will not be disregarded if they are cast as proxy for a person entitled to vote on this Resolution:

- a) in accordance with the directions on the proxy form; or
- b) by the Chairman of the meeting pursuant to an express authorisation to exercise the proxy even though this Resolution is connected with the remuneration of the Key Management Personnel.

Further details in respect of Resolution 3 are set out in the Explanatory Memorandum accompanying this Notice of Annual General Meeting.

### Resolution 4 Ratification of prior issue of Options

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

*"THAT, for the purposes of ASX Listing Rule 7.4 and for all other purposes, shareholders approve and ratify the issue of 100,000 options on 8 February 2019 and 2,058,839 options on 11 July 2019 and, on such terms and conditions more particularly described in the Explanatory Memorandum accompanying this Notice."*

#### **Voting Exclusion Statement:**

The Company will disregard any votes cast in favour of this resolution by or on behalf of:

- a) any person who participated in the issue of the Options; and
- b) any associates of those persons.

However, votes will not be disregarded if they are cast as proxy for a person entitled to vote on this Resolution:

- a) in accordance with the directions on the proxy form; or
- b) by the Chairman of the meeting pursuant to an express authorisation to exercise the proxy.

Further details in respect of Resolution 4 are set out in the Explanatory Memorandum accompanying this Notice of Annual General Meeting.

## NOTICE OF 2019 ANNUAL GENERAL MEETING

### Resolution 5 Approval of new Equity Incentive Plan

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

*"That, for the purposes of Listing Rule 7.2 Exception 9 and all other purposes, approval is given for the adoption of the Company's Equity Incentive Plan and to issue securities under that plan, on the terms and conditions described in the Explanatory Statement from time to time."*

#### Voting Exclusion and Prohibition Statement:

In accordance with the Corporations Act and ASX Listing Rules the Company will disregard any votes cast in favour of this resolution:

- a) by the Directors and their associates, regardless of the capacity in which the vote is cast; or
- b) as a proxy by a person who is a member of Key Management Personnel at the date of the AGM or their closely related parties.

However, votes will not be disregarded if they are cast as proxy for a person entitled to vote on this Resolution:

- a) in accordance with the directions on the proxy form; or
- b) by the Chairman of the meeting pursuant to an express authorisation to exercise the proxy even though this Resolution is connected with the remuneration of a member of the Key Management Personnel.

Further details in respect of Resolution 5 are set out in the Explanatory Memorandum accompanying this Notice of Annual General Meeting.

Shareholders who intend to appoint the Chairman as proxy (including an appointment by default) should refer to the Proxy and Voting Instructions on page 4 of this Notice of Annual General Meeting.

### Special Resolution

### Resolution 6 Approval of Additional Capacity to Issue Shares under ASX Listing Rule 7.1A

To consider and if thought fit, pass the following resolution as a special resolution:

*"That, pursuant to and in accordance with ASX Listing Rule 7.1A and for all other purposes, Shareholders approve an additional capacity of the Company to issue equity securities of up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 and on the terms and conditions in the Explanatory Statement."*

#### Voting Exclusion Statement:

The Company will, in accordance with ASX Listing Rule 14.11, disregard any votes cast in favour of this Resolution by a person who may participate in the 10% placement issue and a person who might obtain a benefit (except a benefit solely in the capacity of a holder of ordinary securities) if this Resolution is passed, and any associates of those persons.

As at the date of this Notice of Meeting the Company has no specific plans to issue equity securities under the 10% placement issue and therefore it is not known who (if any) may participate in a potential (if any) issue of equity securities under the 10% placement issue.

However, the Company will not disregard a vote if:

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

Further details in respect of Resolution 6 are set out in the Explanatory Memorandum accompanying this Notice of Annual General Meeting.

## NOTICE OF 2019 ANNUAL GENERAL MEETING

### 1. Proxy Instructions

A Shareholder entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of the Shareholder. Where the Shareholder is entitled to cast two or more votes, the Shareholder may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise.

If the Shareholder appoints two proxies and the appointment does not specify the proportion or number of the Shareholder's votes each proxy may exercise, each proxy may exercise half of the votes. A proxy need not be a Shareholder.

To be effective, the instrument of appointment of a proxy (and power of attorney or other authority, if any, under which it is signed or a certified copy of that power or authority) must be received by the Company by 2:30pm AEDT on Wednesday, 27 November 2019 (being 48 hours before the commencement of the meeting). Any proxy forms received after that time will not be valid for the meeting.

Completed proxy forms should be sent to the Company's share registrar, Computershare Investor Services Pty Ltd. Details are set out on the appended proxy form.

If you choose to appoint a proxy, you are encouraged to direct your proxy how to vote on by marking either "For", "Against" or "Abstain" on the form of proxy for that item of business.

Subject to the voting restrictions set out in the Voting Exclusion Statement, the Chairperson will vote undirected proxies on, and in favour of all Resolutions.

If the proxy is the Chairman, the Chairman can also vote undirected proxies and provided that proxy form expressly authorises the Chairman to vote even though the Resolutions are connected with the remuneration of key management personnel.

A form of proxy accompanies this Notice.

### 2. Undirected Proxies

The Chairman of the meeting will vote undirected proxies on, and in favor of, all of the proposed resolutions (this includes Resolutions 1 to 6).

If you appoint the Chairman of the meeting as your proxy (or if he may be appointed by default), but you do not direct the Chairman how to vote in respect of Resolutions 1 to 5 your election to appoint the Chairman as your proxy will be deemed to constitute an express authorisation by you directing the Chairman to vote your proxy in favor of Resolutions 1 to 6 (unless you have exercised your right to direct the Chairman otherwise in respect of a particular Resolution by marking the 'against' or 'abstain' column in respect of any of the relevant resolutions).

This express authorisation acknowledges that the Chairman may vote your proxy even if he or she has an interest in the outcome of Resolutions 1 to 6, even if the Resolutions are connected directly or indirectly with remuneration of a member of the KMP of the Company (or if the Company is part of a consolidated entity, for the entity) and accordingly your votes will be counted in calculating the required majority if a poll is called.

### 3. Corporate Representatives

Corporate representatives are requested to bring appropriate evidence of appointment as a representative in accordance with the constitution of the Company. Attorneys are requested to bring the original or a certified copy of the power of attorney pursuant to which they were appointed. Proof of identity will also be required for corporate representatives and attorneys.

## NOTICE OF 2019 ANNUAL GENERAL MEETING

### 4. Determination of voting entitlement

For the purpose of section 1074E(2)(g)(i) of the Corporations Act and Regulation 7.11.37 of the *Corporations Regulations* 2001 (Cth), the Board has determined that the persons eligible to vote at the Meeting are those who are registered Shareholders at 7:00pm AEDT on Wednesday, 27 November 2019.

### 5. Votes

Unless a poll is demanded in advance of voting on a resolution, voting on each resolution will initially be by way of a show of hands. On a show of hands, each member present in person or by proxy or, in the case of a body corporate, by a representative, shall have one vote.

On a poll, every member present in person or by attorney or by proxy or, in the case of a body corporate, by a representative, shall have one vote for each share held by him, her or it.

### 6. Questions and Comments by Shareholders at the Meeting

A reasonable opportunity will be given to Shareholders to ask questions and/or make comments on the management of the Company at the Meeting.

A reasonable opportunity will be given for Shareholders to ask questions of the Company's external auditor, Pitcher Partners. These questions should be relevant to:

- the conduct of the audit;
- the preparation and contents of the audit report;
- the accounting policies adopted by the Company in relation to the preparation of its financial statements; and
- the independence of the auditor in relation to the conduct of the audit.

Shareholders may also submit a written question to Pitcher Partners if the question is relevant to the content of the audit report or the conduct of its audit of the Company's financial report for the year ended 30 June 2019. Relevant written questions for the external auditor must be received by the Company by no later than 2:30pm AEDT on Tuesday, 26 November 2019.

A representative of Pitcher Partners will provide answers to the questions at the Meeting.

For and on behalf of the Board of Directors;



**Peter Vaughan**  
Company Secretary  
Titomic Limited

Dated: 23<sup>rd</sup> October 2019

**TITOMIC LIMITED**

ACN: 602 793 644

**EXPLANATORY STATEMENT**

This Explanatory Statement is intended to provide Shareholders with sufficient information to assess the merits of the Resolutions contained in this Notice.

The Directors recommend that Shareholders read this Explanatory Statement in full before making any decision in relation to the Resolutions.

**RECEIPT OF ANNUAL FINANCIAL REPORT**

In accordance with the Company's Constitution, the business of the meeting will include receipt and consideration of the Company's Financial Report and reports of Directors and Auditors for the year ended 30 June 2019.

In accordance with the Corporations Act, Shareholders will be given a reasonable opportunity at the Annual General Meeting to ask questions and make comments on the Financial Report.

During the discussion of this item, the Company's auditor will be present and will answer qualifying questions.

**ORDINARY RESOLUTIONS****Resolution 1 Adoption of 2019 Remuneration Report**

In accordance with Section 300A(1) of the Corporations Act the Remuneration Report is included in the Directors Report for the financial year ended 30 June 2019.

The Remuneration Report sets out details of the remuneration received by the directors and key Company executives, in addition to describing Board policy in respect of remuneration. Resolution 1 seeks Shareholder approval of the adoption of the Remuneration Report by the Company.

The outcome of the vote on this resolution is advisory only and not binding on the Company or the Board.

The Corporations Act provides that members of the Key Management Personnel (as set out on page 11 of the Company's 2019 Annual Report, and is defined in the Corporation Act to include the Chairman) whose remuneration details are included in the Remuneration Report (and any closely related party of those members) are not permitted to vote on a resolution to approve the Remuneration Report.

Sections 250U to 250Y of Corporations Act provide for a 'two strikes and re-election' process in relation to the shareholder vote on the Remuneration Report provide that:

- A 'first strike' will occur if this Remuneration Report resolution receives a 'no' vote of 25% or more. If this occurs, the Company's subsequent remuneration report must contain an explanation of the Board's proposed action in response to the 'no' vote or an explanation of why no action has been taken by the Board.
- A 'second strike' will occur if the resolution to adopt the Remuneration Report at the 2020 Company Annual General Meeting also receives a 'no' vote of 25% or more. If this occurs, shareholders will vote at that Annual General Meeting to determine whether the Directors will need to stand for re-election at a separate, subsequent meeting (the 'spill resolution'). If the spill resolution passes with 50% or more of eligible votes cast, the spill meeting must take place within 90 days.

The Company has not received a first strike.

The Remuneration Report is set out in the Company's 2019 Annual Report which can be viewed online at the Company's website, [www.titomic.com](http://www.titomic.com) on the "Financials" page under "Investors & Press".



## EXPLANATORY STATEMENT

### Voting Restrictions

Key Management Personnel (**KMP**) and their closely related parties are not permitted to vote on this Resolution. KMPs of the Company are the Directors of the Company and those other persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. The Remuneration Report identifies the Company's KMPs for the financial year ending 30 June 2019. 'Closely related parties' are defined in the Corporations Act, and include certain of their family members, dependents and companies they control.

However, a KMP may cast a proxy where the proxy specifies in writing how the KMP is to vote (except proxies cast on behalf of another KMP). The Chair is permitted to vote undirected proxies where the shareholder expressly authorises the chair to exercise the proxy.

Accordingly, if you have appointed the Chair as your proxy you must either direct the Chair how to vote or you must tick the box on the proxy form expressly authorising the Chair to vote undirected proxies notwithstanding that the Chair or KMP may benefit.

**If you do not direct the Chair how to vote or you do not mark the box authorising the Chair to vote undirected proxies, the Chair will not cast your votes on Resolution 1 and your votes will not be counted in calculating the required majority if a poll is called on this resolution.**

The Board abstains from making a recommendation in relation to shareholders voting on Resolution 1.

### **Resolution 2 Re- Election of Non-Executive Director – Mr. Richard Willson**

In accordance with clause 20.3 of the Company's Constitution, while the Company is admitted to the Official List, one third of the Directors (or if their number is not a multiple of three, the number nearest one third) must retire from office at each Annual General Meeting and be eligible for re-election. The Directors to retire pursuant to clause 20.3 of the Constitution will be those who have been longest in office since their last election.

Accordingly, Mr Richard Willson retires by rotation in accordance with clause 20.3 of the Constitution and being eligible offers himself for re-election.

<i>Appointed to the Board</i>	17 May 2017
<i>Last elected by shareholders</i>	Not Applicable
<i>Experience</i>	<p>Mr Richard Willson is an experienced Non-Executive Director, Company Secretary and CFO with more than 20 years' experience predominantly within the mining and agricultural sectors for both publicly listed and private companies.</p> <p>Mr Willson has a Bachelor of Accounting from the University of South Australia, is a fellow CPA Australia, and a Fellow of the Australian Institute of Company Directors.</p>
<i>Other Current Directorships</i>	Mr Willson is a Non-Executive Director of AusTin Mining Limited (ASX:ANW), Thomson Resources Limited (ASX:TMZ), Graphene Technology Solutions Limited, the non-for-profit Unity Housing Company, and Variety SA; and Company Secretary at a number of ASX Listed Companies.
<i>Committees</i>	<p>Audit &amp; Risk Committee Chairman</p> <p>Remuneration &amp; Nomination Committee Chairman.</p>

**The Directors (with Mr Richard Willson abstaining) recommend that you vote in favour of this Resolution.**

## EXPLANATORY STATEMENT

### Resolution 3 Issuance of Performance Rights to Directors for FY2019 Remuneration Package

The Board of Titomic resolved, subject to shareholder approval, to remunerate all Directors such that one-third of their total remuneration packages will be received by way of at-risk security, subject to a performance hurdle as highlighted in the Company's 2019 Annual Financial Report (and set out below).

The breakdown of the Director remunerations for their Board role from 1 July 2019 is to be as follows:

Person	Role	Cash Remuneration	At Risk-Equity Remuneration	Total Remuneration Package
Mr Philip Vafiadis	Chairman	\$100,000	\$50,000	\$150,000
Mr Jeff Lang	Managing Director	\$350,000	\$150,000	\$500,000
Professor Richard Fox	Non-Executive Director	\$60,000	\$30,000	\$90,000
Mr Richard Willson	Non-Executive Director	\$60,000	\$30,000	\$90,000

The associated deemed value of the Performance Rights will be calculated based on the Company's 30-day Volume Weighted Average Price (VWAP) per share on the date shareholder approval is granted. If the Performance Hurdle is achieved, Titomic will issue fully-paid ordinary share to the Directors as follows:

$$NS = \frac{AREC}{BSV} \text{ where:}$$

- NS** means the number of shares to be issued to a Director, and/or their nominee;
- AREC** means the dollar value of the at-risk equity component of that Director's remuneration; and
- BSV** means a Black-Scholes Model valuation performed on the date the shareholder approval is granted.

The Performance Hurdle to satisfy the condition of the Performance Rights will be set at a share price equal to 150% of the Company's 30-day VWAP share price on the date shareholder approval is granted, and must be satisfied within three (3) years of the granting of the Performance Right or the Performance Right will lapse and expire.

The Performance Rights are to be issued to Directors in lieu of the provision of cash remuneration for their Director services to the Company during FY2020. The remuneration package offered to Titomic's Directors allows the Company to retain existing Directors as well as attract new potential Directors to the Company.

The Black-Scholes model is a pricing model used to determine the fair price or theoretical value for a call or a put option based on six variables such as volatility, type of option, underlying stock price, time, strike price, and risk-free rate. The specific inputs of the model will be determined based on the date shareholder approval is granted by will centre around the following:

- Volatility – Company's share price volatility as assessed over a three-year period
- Type of option: American style
- Underlying stock price: Share price on the date shareholder approval is granted
- Time: 3 year conversion period
- Strike price: Nil
- Risk free rate: per annum interest rate yield on 3-year Australian Government bonds.

The Board has formed the view that the issue of the Performance Rights to Directors does not require shareholder approval under section 208 of the Corporations Act, as the issue constitutes 'reasonable remuneration' in accordance with section 211 of the Corporations Act.

## EXPLANATORY STATEMENT

In reaching this view, the Company has considered the role and responsibility of the directors and the need of the Company to effectively incentivise its Directors, while aligning the incentive with increasing shareholder value and the desirability of preserving cash resources within the Company.

The Board believes that the proposed issuance of Performance Rights, provides a cost-effective incentive-based form of remuneration for the Directors which aligns their interests and remuneration, to the achievement of operational milestones, share price appreciation, and improved overall shareholder value.

The following information is provided for the purposes of ASX Listing Rule 10.13 which requires the meeting documents concerning a proposed resolution to approve an issue of the rights in accordance with ASX Listing Rule 10.11:

NAME OF PERSON	THE MAXIMUM NUMBER OF SECURITIES ULTIMATELY TO BE ISSUED	DATE BY WHICH THE ENTITY MUST ISSUE THE SECURITIES	RELATIONSHIP WITH THE COMPANY	ISSUE PRICE
Mr. Philip Vafiadis	In accordance with the formula above where AREC equals \$50,000	The performance rights will be issued within one month after the date of the Meeting, subsequent issue of Shares may take place up to 3 years from the date of the Meeting	Director and Chairman*	Nil
Mr Jeff Lang	In accordance with the formula above where AREC equals \$150,000	The performance rights will be issued within one month after the date of the Meeting, subsequent issue of Shares may take place up to 3 years from the date of the Meeting	Managing Director	Nil
Prof. Richard Fox	In accordance with the formula above where AREC equals \$30,000	The performance rights will be issued within one month after the date of the Meeting, subsequent issue of Shares may take place up to 3 years from the date of the Meeting	Non-Executive Director	Nil
Mr. Richard Willson	In accordance with the formula above where AREC equals \$30,000	The performance rights will be issued within one month after the date of the Meeting, subsequent issue of Shares may take place up to 3 years from the date of the Meeting	Independent Non-Executive Director <i>*(subject to passing of resolution 2)</i>	Nil

No funds will be raised from issue of the Performance Rights or any subsequent issue of Shares pursuant to the Performance Rights, and a voting exclusion statement is contained in the Notice accompanying this Explanatory Statement.

**Given their interest in the outcome of this resolution, the Board does not make a recommendation to shareholders with respect to this resolution.**

### Resolution 4 Ratification of prior issue of options

The Company seeks shareholder ratification pursuant to ASX Listing Rule 7.4 for a previous issue of Options made during the last 12 months under ASX Listing Rule 7.1.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions under ASX Listing Rule 7.2, issue or agree to issue Equity Securities during any 12 month period in excess of 15% of the number of ordinary shares on issue at the commencement of that 12 month period without shareholder approval (**15% Placement Capacity**).

## EXPLANATORY STATEMENT

ASX Listing Rule 7.4 sets out an exception to the limitations on the Company's capacity to issue Equity Securities pursuant to its 15% Placement Capacity, by permitting the ratification of previous issues of Equity Securities which were not made under a prescribed exception under ASX Listing Rule 7.2 or with shareholder approval.

If shareholders of a company approve the ratification of such previous issues of Equity Securities at a general meeting, those Equity Securities will be deemed to have been issued with shareholder approval for the purposes of ASX Listing Rule 7.1.

Accordingly, if Shareholders ratify the previous issue of Options made by the Company by way of approving Resolution 4, those Options will be deemed to have been issued with shareholder approval for the purposes of ASX Listing Rule 7.1 and will no longer be deducted from the Company's 15% Placement Capacity.

In February 2019, the Company announced that it had successfully acquired intellectual property from Future Titanium Technologies Pty Ltd (**FTT Acquisition**). As part of the FTT Acquisition, the Company issued 200,000 shares under ASX Listing Rule 7.1A and 100,000 options under the 15% Placement Capacity.

In July 2019, the Company successfully raised a total of \$7.0 million (before costs) under a private placement (**Placement**). 4,117,648 shares were issued under ASX Listing Rule 7.1A and 2,058,839 options were issued under the 15% Placement Capacity.

PAC Partners Pty Ltd (Lead Manager) acted as lead manager to the placement.

The Company seeks to ratify the issue of the options under the FTT Acquisition and the Placement under ASX Listing Rule 7.4.

Information required to be provided under the ASX Listing Rule 7.5

In accordance with ASX Listing Rule 7.5, which contains requirements as to the contents of a notice sent to shareholders for the purposes of ASX Listing Rule 7.4, the following information is provided to shareholders:

### FTT Acquisition

<b>No. of securities issued</b>	100,000 Options, each to acquire one Share.
<b>Issue price per security</b>	The Options were issued for nil cash consideration, as part of the FTT Acquisition.
<b>Recipients of issue</b>	Future Titanium Technologies Pty Ltd
<b>Terms of securities</b>	The Options are each exercisable into one Share upon payment of the exercise price of \$2.60, on or before the expiry date of 8 February 2021.  The Options are not currently quoted, and do not rank equally with any class of quoted securities. The Company will apply for quotation of any Shares issued upon the exercise of the Options. From the date of issue of those Shares, the shares will rank equally with all other Shares then on issue in the Company. Options do not entitle their holders to any dividends.
<b>Use of funds raised</b>	There were no funds raised from the issue of the Options. In the event that any funds are raised by the exercise of the Options prior to their expiry date, the Company expects that it will apply such funds towards its general working capital requirements.
<b>Voting Exclusions</b>	A voting exclusion statement applies to this resolution, as set out in the Notice.

## EXPLANATORY STATEMENT

### Placement

<b>No. of securities issued</b>	2,058,839 Options, each to acquire one Share.
<b>Issue price per security</b>	The Options were issued for nil cash consideration, as part of the Placement.
<b>Recipients of issue</b>	Participants in the Placement.
<b>Terms of securities</b>	<p>The Options are each exercisable into one Share upon payment of the exercise price of \$2.50, on or before the expiry date of 11 July 2021.</p> <p>The Options are currently quoted. The Company will apply for quotation of any Shares issued upon the exercise of the Options. From the date of issue of those Shares, the shares will rank equally with all other Shares then on issue in the Company. Options do not entitle their holders to any dividends.</p>
<b>Use of funds raised</b>	There were no funds raised from the issue of the Options. In the event that any funds are raised by the exercise of the Options prior to their expiry date, the Company expects that it will apply such funds towards its general working capital requirements.
<b>Voting Exclusions</b>	A voting exclusion statement applies to this resolution, as set out in the Notice.

### Board Recommendation

As explained above, the effect of shareholder approval for Resolution 4 is the reinstatement of the Company's 15% Placement Capacity. The Directors do not (save for as otherwise set out in this Notice) currently have any specific intention to make any further issue of Shares without approval of shareholders under ASX Listing Rule 7.1 in the next 12 months, unless such issue falls under an exception to the 15% threshold in ASX Listing Rule 7.2. However, the Directors believe that it is in the best interests of the Company to maintain its ability to issue securities under its 15% Placement Capacity, as this will enhance the Company's flexibility to finance its operations through raising equity capital, should the Directors consider it to be in the best interests of the Company to do so.

Accordingly, the Directors unanimously recommend that shareholders vote in favour of Resolution 4.

### Chairman's available proxies

The Chairman of the Meeting intends to vote all available proxies in favour of this resolution.

## Resolution 5 Adoption of Incentive Equity Plan

### Background

The Company has adopted the Equity Incentive Plan in order to assist in the motivation and retention of selected Company employees. The Equity Incentive Plan is designed to align the interests of eligible employees more closely with the interests of the Company by providing an opportunity for eligible employees to receive an equity interest in the Company. Under the Equity Incentive Plan, eligible employees may be offered performance rights, options, loan shares, deferred share awards or exempt share awards which may be subject to vesting conditions set by the Board.

Subject to the passing of all Essential Resolutions, this Resolution is an ordinary resolution that provides for the adoption of the Equity Incentive Plan (**EIP**) to provide ongoing incentives to any full time or part time employee of the Company or any of its subsidiaries (including a Director or company secretary of the Company or its subsidiaries who holds salaried employment with the Company or its subsidiaries on a full or part time basis), or a consultant, who is determined by the Board to be eligible to receive grants of Options under the EIP (**Eligible Participants**).

## EXPLANATORY STATEMENT

### Approvals required

Pursuant to the Listing rule 7.2 (Exception 9), this Resolution seeks Shareholder approval to the issue of performance rights, options, loan shares, deferred share awards or exempt share awards under, and pursuant to, the rules of the EIP as an exception to Listing Rule 7.1 for 3 years.

If this Resolution is passed, the Company will be able to grant performance rights, options, loan shares, deferred share awards or exempt share awards to Eligible Participants (or their approved nominee) under the EIP following achievement of the vesting conditions (if any). The vesting conditions applicable to any particular performance rights, options, loan shares, deferred share awards or exempt share awards to be issued under the EIP may vary and will be set at the time of grant at the discretion of the Board and under the terms of the EIP.

It is considered by the Directors that the adoption of the EIP and the future grant of performance rights, options, loan shares, deferred share awards or exempt share awards will provide Eligible Participants with the opportunity to participate in the future growth of the Company. In the case of the grant to a director under the EIP, the acquisition of these securities will require Shareholder approval in accordance with Listing Rule 10.14.

As at the date of this Notice, the EIP has not been established by the Company and subsequently no securities have been issued under the EIP.

### Listing Rule 7.1

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 that that amount that represents 15% of the number of fully paid ordinary securities on issue on the commencement of that 12 month period.

One of the exceptions to Listing Rule 7.1 is Listing Rule 7.2 (Exception 9), which provides that Listing Rule 7.1 does not apply to an issue under an employee incentive scheme if, within the 3 years before the date of issue, shareholders have approved the issue of the securities as an exception to Listing Rule 7.1.

If this Resolution is passed, the Company will be able to issue performance rights, options, loan shares, deferred share awards or exempt share awards to Directors (which will require separate Shareholder approval in accordance with Listing Rule 10.14 at the relevant time), and employees of the Company pursuant to the EIP during the period of 3 years after the Meeting (or a longer period, if allowed by ASX), and to issue Shares to those persons if they achieve the vesting conditions of the performance rights, options, loan shares, deferred share awards or exempt share awards issued, without using the Company's 15% rolling 12 month placement capacity.

### Key Terms

The key terms of the Equity Incentive Plan are summarised below.

#### (a) **Employee Rights**

Under the Equity Incentive Plan, the Company may offer or issue to eligible employees, the following Employee Rights:

- **performance rights:** a right to be issued or provided with a Share at nil issue price on specific vesting conditions being achieved;
- **options:** a right to be issued or provided with a Share on payment of an exercise price and which can only be exercised if specific vesting conditions are achieved;
- **loan shares:** Shares issued subject to a limited recourse loan and at nil interest rate, subject to specific vesting conditions ;
- **deferred share awards:** Shares issued to employees:
  - who elect to receive Shares in lieu of any wages, salary, director's fees, or other remuneration; or
  - by the Company in its discretion, in addition to their wages, salary and remuneration, or in lieu of any discretionary cash bonus or other incentive payment; or
- **exempt share awards:** Shares issued for no consideration or at an issue price which is a discount to the market price with the intention that up to \$1,000 (or such other amount which is exempted from

## EXPLANATORY STATEMENT

tax under the *Income Tax Assessment Act 1936* (Cth) or the *Income Tax Assessment Act 1997* (Cth) from time to time) of the total value or discount received by each employee will be exempt from tax.

(b) **Eligible employees**

Employee Rights may be granted at the discretion of the Board to any person who is an employee, officer, director or consultant of a member of the Merged Group.

(c) **Price**

The Board has discretion to determine the issue price and/or exercise price for the Employee Rights.

(d) **Vesting and exercise of Employee Rights**

The Employee Rights held by a participant will vest in and become exercisable by that participant upon the satisfaction of any vesting conditions specified in the offer and in accordance with the rules of the Equity Incentive Plan. Vesting conditions may be waived at the discretion of the Board.

(e) **Change of control**

In the event a takeover bid is made to acquire all of the Shares on issue, or a scheme of arrangement, selective capital reduction or other transaction is initiated which has an effect similar to a full takeover bid, the Board may waive unsatisfied vesting conditions in relation to some or all Employee Rights. Further, if a takeover bid is made to acquire all of the Shares on issue, participants may accept the takeover bid in respect of any Employee Rights (other than exempt share awards) which they hold notwithstanding the restriction period in respect of those Employee Rights has not expired.

(f) **Claw-back**

If any vesting conditions of an Employee Rights are mistakenly waived or deemed satisfied when in fact they were not satisfied, then in accordance with the terms of the Equity Incentive Plan, the Board may determine that the relevant Employee Rights expire (if not yet exercised), or it may otherwise recover from the participant some or all Shares issued upon exercise of the Employee Rights or any proceeds received from the sale of those shares.

(g) **Variation of Share capital**

If prior to the exercise of an Employee Right, Company undergoes a reorganisation of capital or bonus issue, the terms of the Company Employee Right will be changed to the extent necessary to comply with the Listing Rules.

**Given their interest in the outcome of this resolution, the Board does not make a recommendation to shareholders with respect to this resolution.**

### SPECIAL RESOLUTION

#### Resolution 6 Approval of additional capacity to issue Shares under ASX Listing Rule 7.1A

##### ASX Listing Rule 7.1A

In 2012, the ASX introduced ASX Listing Rule 7.1A which enables certain 'eligible entities' to issue equity securities of up to 10% of their issued share capital through placements over the 12-month period commencing after the annual general meeting at which the additional approval is obtained (**Additional Placement Capacity**). ASX Listing Rules require that Shareholders approve the Additional Placement Capacity by special resolution, at an annual general meeting before any equity securities are issued under the Additional Placement Capacity.

For the purposes of ASX Listing Rule 7.1A an 'eligible entity' is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an 'eligible entity' for the purpose of ASX Listing Rule 7.1A. The Additional Placement Capacity is in addition to the Company's 15% placement capacity under ASX Listing

## EXPLANATORY STATEMENT

Rule 7.1. Therefore, if the Additional Placement Capacity is approved, the Directors will be allowed to issue equity securities of up to 10% of the Company's issued share capital pursuant to ASX Listing Rule 7.1A and up to 15% pursuant to ASX Listing Rule 7.1. If the Additional Placement Capacity is not approved, the Directors will still be allowed to issue equity securities of up to 15% of the Company's issued capital pursuant to ASX Listing Rule 7.1.

The Company seeks Shareholder approval by way of a special resolution to have the ability to issue equity securities under the Additional Placement Capacity to be able to take advantage of being able to immediately place securities without having to incur additional costs to the Company or awaiting the necessary delays to prepare for, and hold another shareholders' meeting to specifically approve such a further issuance of securities.

Whilst the Company currently has no intention or reason to issue this additional placement capacity, in the future having this additional placement capacity to immediately issue securities could be used for reasons such as;

- to settle debts of the company in lieu of cash payments to preserve cash reserves; or
- to perform a minor capital raising to raise funds to pay for an unforeseen expenditure; or
- to perform a minor capital raising to raise funds to take advantage of an opportunity to accelerate current company deliverables and timelines; or
- to provide the new securities as consideration for a strategic acquisition or another complementary entity, business, piece of intellectual property, rights, technology, equipment, or assets.

The Directors advise that this additional placement capacity will only be used by the Company if it is necessary due to timing constraints pertaining to the underlying transaction(s) for which it is used.

### **Formula for calculating 10% Placement Facility**

ASX Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an annual general meeting may issue or agree to issue, during the 12-month period after the date of the annual general meeting, a number of equity securities calculated in accordance with the following formula:

**(A x D) – E** where;

**A** is:

- the number of shares on issue 12 months before the date of issue or agreement;
- plus the number of fully paid shares issued in the 12 months under an exception in ASX Listing Rule 7.2;
- plus the number of partly paid shares that became fully paid in the 12 months;
- plus the number of fully paid shares issued in the 12 months with approval of holders of shares under ASX Listing Rule 7.1 and 7.4. This does not include an issue of fully paid shares under the entity's 15% placement capacity without shareholder approval;
- less the number of fully paid shares cancelled in the 12 months.

Note that A is has the same meaning in ASX Listing Rule 7.1 when calculating an entity's 15% placement capacity.

**D** is: 10%

**E** is: the number of equity securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of shareholders under ASX Listing Rule 7.1 or 7.4.



## EXPLANATORY STATEMENT

### ASX Listing Rule 7.3A

In accordance with ASX Listing Rule 7.3A the Company provides the following information:

- Any securities issued under the Additional Placement Capacity will be in the same class as existing quoted securities of the Company. The Company has only one classes of quoted equity securities on issue as at the date of this Notice of Meeting being fully-paid ordinary shares with the ASX code TTT.
- The issue price for each security issued under the Additional Placement Capacity will not be less than 75% of the volume weighted average price for securities in that class over the 15 trading days on which trades in that class were recorded immediately before:
  - the date on which the price at which the securities are to be issued is agreed; or
  - if the securities are not issued within 5 trading days of the date above, the date on which the securities are issued.
- The issue of equity securities under the Additional Placement Capacity may result in voting dilution of existing ordinary shareholders (as shown in **Table 1**). There is also the risk that:
  - the market price for equity securities in that class may be significantly lower on the issue date than on the date of the Meeting; and
  - the equity securities may be issued at a price that is at a discount to the market price for those equity securities on the issue date.
- Equity securities under the Additional Placement Capacity may be issued until the earlier of:
  - Friday, 27 November 2020; and
  - the date of approval by ordinary shareholders of a significant change to the Company's activities under ASX Listing Rule 11.1.2 or the date of approval by ordinary shareholders of a disposal of a major asset under ASX Listing Rule 11.2 or such longer period if allowed by the ASX.
- Any approval of the Additional Placement Capacity at this Meeting will cease to be valid if and from the date that ordinary shareholders approve a transaction under ASX Listing Rule 11.1.2 or 11.2.
- The Company may issue equity securities under the Additional Placement Capacity for the following purposes:
  - non-cash consideration: for the acquisition of new assets or the settlement of obligations (in such circumstances the Company will provide a valuation of the non-cash consideration as required by ASX Listing Rules); or
  - cash consideration: to raise funds for working capital, to fund product research, development and commercialisation programs or for the acquisition of new assets.
- The Company will comply with the disclosure obligations under ASX Listing Rules 7.1A (4) and 3.10.5A upon issue of any equity securities.
- The Company's allocation policy for issues under the Additional Placement Capacity is dependent on prevailing market conditions at the time of any proposed issue.
- The identity of the allottees of the equity securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:
  - the methods of raising funds that are available to the Company, including rights issues or other issues in which existing shareholders may participate;
  - the effect of the issue of the equity securities on the control of the Company;
  - the financial position of the Company; and
  - advice from the Company's advisors.
- During the previous 12 months the Company issued 200,000 fully paid ordinary shares on 8 February 2019 under the FTT Acquisition and 4,317,648 fully paid ordinary shares under its 7.1A Placement Capacity on 10 July 2019 at an issue price of \$1.70 per share raising \$7 million. Proceeds from the Placement will be used to fund Titomic's

## EXPLANATORY STATEMENT

International expansion as the company progresses pursues new revenue generating contracts as part of establishing a strong platform to realise significant revenue growth in 2020 and beyond. This issue represents 3.51% of the total issued share capital on issue as at 18 October 2019.

The Directors have not decided if they will issue any securities under the Additional Placement Capacity and so allottees under the Additional Placement Capacity have not yet been determined. If Directors decide to issue securities under the Additional Placement Capacity, allottees may include existing Shareholders, existing substantial shareholders and/or new shareholders who are not related parties or associates of a related party of the Company.

Table 1 shows the dilution of Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable "A" calculated in accordance with the formula in ASX Listing Rule 7.1A(2).

The table also shows:

- two examples where variable "A" has increased, by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue as at the date of the Notice.

The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and

- two examples of where the issue price of ordinary securities has decreased by 50% and increased by 100% as against the current market price.

**Table 1**

Variable 'A' in Listing Rule 7.1A.2		Dilution		
		50% Decrease in Issue Price \$0.58	Issue Price \$1.16	100% Increase in Issue Price \$2.32
Variable A 127,115,865 Shares	10% Voting Dilution	12,711,587 Shares	12,711,587 Shares	12,711,587 Shares
	Funds Raised	\$7,372,720	\$14,745,440	\$29,490,880
50% increase in Variable A 190,673,798 Shares	10% Voting Dilution	19,067,380 Shares	19,067,380 Shares	19,067,380 Shares
	Funds Raised	\$11,059,080	\$22,118,160	\$44,236,321
100% increase in Variable A 245,796,434 Shares	10% Voting Dilution	25,423,173 Shares	25,423,173 Shares	25,423,173 Shares
	Funds Raised	\$14,745,440	\$29,490,880	\$58,981,761

Table 1 has been prepared based on the following assumptions:

- Variable A is based on the number of Shares on issue on the date of the Notice.
- The Company issues the maximum number of equity securities available under the Additional Placement Capacity.
- The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue.
- The table shows only the issue of equity securities under the Additional Placement Capacity and not under ASX Listing Rule 7.1.
- The issue of equity securities under the additional placement capacity includes only shares.

The issue price of \$1.16 was the closing price of Shares as traded on ASX as at 5:00pm on Thursday, 17 October 2019. This price may fluctuate between the time of preparing this Notice and the date of the Meeting.

**The Company's Directors recommend that you vote in favour of this Ordinary Resolution.**

**GLOSSARY**

In the Notice of Meeting and Explanatory Statement the following terms have the following meanings:

**AEDT** means Australian Eastern Daylight Savings Time.

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

**ASX** means ASX Limited.

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

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

**Chairman** means the person chairing the Meeting from time to time.

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

- a spouse or child of the member; or
- a child of the member's spouse; or
- a dependent of the member or of the member's spouse; or
- 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 dealings with the entity; or
- a company the member controls; or
- a person prescribed by the *Corporations Regulations 2001* (Cth).

**Company** or **Titomic** or **TTT** means Titomic Limited (ACN 602 793 644).

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

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

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

**Explanatory Statement** means the explanatory statement to this Notice of Meeting.

**Key Management Personnel** or **KMP** means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Directors.

**Meeting** means the 2019 Annual General Meeting of the Shareholders of the Company to be held at 2.30pm on Friday, 29 November 2019, to which the Notice of Meeting and Explanatory Statement relate.

**Notice** or **Notice of Meeting** means this notice of meeting of the Company.

**Resolution** means a resolution referred to in the Notice.

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

**Shareholder** means a holder of Shares.

**VWAP** means the Volume Weighted Average Price.

Words importing the singular include the plural and vice versa. All references to currency are in Australian dollars.



ABN 77 602 793 644

TTTRM

MR RETURN SAMPLE  
123 SAMPLE STREET  
SAMPLE SUBURB  
SAMPLETOWN VIC 3030

Dear Securityholder,

We have been trying to contact you in connection with your securityholding in Titomic Limited. Unfortunately, our correspondence has been returned to us marked "Unknown at the current address". For security reasons we have flagged this against your securityholding which will exclude you from future mailings, other than notices of meeting.

Please note if you have previously elected to receive a hard copy Annual Report (including the financial report, directors' report and auditor's report) the dispatch of that report to you has been suspended but will be resumed on receipt of instructions from you to do so.

We value you as a securityholder and request that you supply your current address so that we can keep you informed about our Company. Where the correspondence has been returned to us in error we request that you advise us of this so that we may correct our records.

You are requested to include the following;

- > Securityholder Reference Number (SRN);
- > ASX trading code;
- > Name of company in which security is held;
- > Old address; and
- > New address.

Please ensure that the notification is signed by all holders and forwarded to our Share Registry at:

Computershare Investor Services Pty Limited  
GPO Box 2975  
Melbourne Victoria 3001  
Australia

Note: If your holding is sponsored within the CHESS environment you need to advise your sponsoring participant (in most cases this would be your broker) of your change of address so that your records with CHESS are also updated.

Yours sincerely

**Titomic Limited**



ABN 77 602 793 644

TTT  
MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

## Need assistance?



**Phone:**  
1300 850 505 (within Australia)  
+61 3 9415 4000 (outside Australia)



**Online:**  
[www.investorcentre.com/contact](http://www.investorcentre.com/contact)



## YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **2:30pm (AEDT) on Wednesday, 27 November 2019.**

# Proxy Form

## How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

### APPOINTMENT OF PROXY

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

**A proxy need not be a securityholder of the Company.**

## SIGNING INSTRUCTIONS FOR POSTAL FORMS

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

**Joint Holding:** Where the holding is in more than one name, all of the securityholders 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 form when you return it.

**Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

## ATTENDING THE MEETING

**If you are attending in person, please bring this form with you to assist registration.**

### Corporate Representative

If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Appointment of Corporate Representative" prior to admission. A form may be obtained from Computershare or online at [www.investorcentre.com](http://www.investorcentre.com) under the help tab, "Printable Forms".

## Lodge your Proxy Form:

**XX**

### Online:

Lodge your vote online at [www.investorvote.com.au](http://www.investorvote.com.au) using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is



**Control Number: 999999**  
**SRN/HIN: I9999999999**  
**PIN: 99999**

For Intermediary Online subscribers (custodians) go to [www.intermediaryonline.com](http://www.intermediaryonline.com)

### By Mail:

Computershare Investor Services Pty Limited  
GPO Box 242  
Melbourne VIC 3001  
Australia

### By Fax:

1800 783 447 within Australia or  
+61 3 9473 2555 outside Australia



**PLEASE NOTE:** For security reasons it is important that you keep your SRN/HIN confidential.

MR SAM SAMPLE  
 FLAT 123  
 123 SAMPLE STREET  
 THE SAMPLE HILL  
 SAMPLE ESTATE  
 SAMPLEVILLE VIC 3030

**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

# Proxy Form

Please mark  to indicate your directions

## Step 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Titomic Limited hereby appoint

the Chairman of the Meeting **OR**

**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Titomic Limited to be held at Pitcher Partners, Level 13/664 Collins Street, Docklands, Victoria, 3008 on Friday, 29 November 2019 at 2:30pm and at any adjournment or postponement of that meeting.

**Chairman authorised to exercise undirected proxies on remuneration related resolutions:** Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Items 1, 3 and 5 (except where I/we have indicated a different voting intention in step 2) even though Items 1, 3 and 5 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

**Important Note:** If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Items 1, 3 and 5 by marking the appropriate box in step 2.

## Step 2 Items of Business

**PLEASE NOTE:** If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

	For	Against	Abstain
Resolution 1 Adoption of 2019 Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 Re-election of Non-Executive Director - Mr. Richard Willson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 Issue of Equity to Directors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 Ratification of prior issue of Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 Approval of new Equity Incentive Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6 Approval of Additional Capacity to Issue Shares under ASX Listing Rule 7.1A	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

## Step 3 Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1  Securityholder 2  Securityholder 3  / /  
 Sole Director & Sole Company Secretary Director Director/Company Secretary Date

**Update your communication details** (Optional)

Mobile Number  Email Address   
 By providing your email address, you consent to receive future Notice of Meeting & Proxy communications electronically





## **Titomic Limited**

**ACN 602 793 644  
(Company)**

### **Employee Incentive Plan Rules**

**Adopted on:**

For personal use only

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## Employee Incentive Plan Rules

### 1. Introduction

#### 1.1 Purpose of plan

- (a) The Company has established this Plan to encourage Employees to share in the ownership of the Company and to promote the long-term success of the Company as a goal shared by all Employees.

#### 1.2 Advice

- (a) There are legal and tax consequences associated with participation in the Plan. Employees should ensure that they understand these consequences before accepting an invitation to participate in the Plan.
- (b) Any advice given by or on behalf of the Company is general advice only, and Employees should consider obtaining their own financial product advice from an independent person who is licensed by ASIC to give such advice.

### 2. Definitions and Interpretations

#### 2.1 Definitions

In these Rules unless the contrary intention appears:

**Acquisition Loan** means a loan made by the Company to a Participant under clause 4 or the purpose of the Participant acquiring a Loan Share as the result of the acceptance of an Offer.

**Acquisition Loan Period** means the period of the Acquisition Loan determined in accordance with clause 4.2(a)(v).

**Application** means a written acceptance of an Offer for, or an application for, Awards in form approved by or acceptable to the f.

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

**ASX** means ASX Limited or the securities market which it operates, as the context requires.

**Award** means:

- (a) an Option,
- (b) a Performance Right,
- (c) a Loan Share,
- (d) a Deferred Share Award,
- (e) an Exempt Share Award,

as applicable.

**Board** means the Board of Directors of the Company.

**Company** means Titomic Limited (ACN 602 793 644).

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

**Deferred Share Award** means a Share issued under clause 3.6.

**Employee** means a person who is an employee, officer, director or consultant of a Group entity.

**Exempt Share Award** means a Share issued under clause 3.5.

**Exercise** means exercise of an Award in accordance with its terms, and includes automatic exercise in accordance with these Rules.

**Exercise Price** means the price payable (if any) per Share to exercise an Award.

**Expiry Date** means the date on which an Award lapses, being the date specified in an Offer as the Expiry Date, or fixed by a method of calculation set out in an Offer.

**Good Leaver** means a Participant who ceases to be employed by, contracted by, or a director of, a Group Member as a result of:

- (a) total or permanent disablement, or an illness which persists for at least 3 months, which in either case prevents the person from carrying out their previous functions as an employee, contractor or director;
- (b) genuine redundancy;
- (c) death; or
- (d) other factors determined by the Board in its discretion to constitute sufficient reason to treat the person as a Good Leaver.

**Group** means the Company and each of its controlled entities, and Group Member means any of them.

**Issue** of a Share includes the transfer of an existing Share in accordance with clause 8.3.

**Issue Price** means the price (if any) to be paid for the issue of a Share as stated in the Offer.

**Liability** means any liability, whether actual or contingent, present or future, quantified or unquantified.

**Listed** means the Company being and remaining admitted to the official list of the ASX.

**Listing Rules** means the Listing Rules of ASX and any other rules of the ASX which are applicable while the Company is Listed each as amended or replaced from time to time, except to the extent of any waiver granted by the ASX.

**Loan Share** means a Share issued under 3.4 on the terms set out in clause 4.

**Market Price** means the weighted average sale price of Shares on the ASX over the five trading days immediately preceding the day the Offer is made, or another pricing method determined by the Company.

**Offer** means an offer or issue of Awards made to an Employee under clause 4. Where Awards are issued without the need for acceptance, an Offer includes the document setting out the terms of the Award.

**Option** means an option to acquire Shares issued under clause 3.2.

**Participant** means an Employee to whom Awards are issued.

**Performance Right** means a right to acquire a Share issued under clause 3.3.

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**Plan** means this Employee Incentive Plan.

**PPSA** means the *Personal Property Securities Act 2009* (Cth).

**Restricted Award** means an Award or a Share issued on exercise of an Award in respect of which a restriction on sale or disposal applies under this Plan.

**Restriction Period** means the period during which Awards, or Shares issued on exercise of Awards, must not be sold or disposed of, being the period specified in these Rules in respect of Deferred Share Awards and Exempt Share Awards, and as specified in the Offer in respect of other Awards.

**Rules** means these rules as amended from time to time.

**Security Interest** means a right, interest, power or arrangement in relation to any property which provides security for, or protects against default by a person in, the payment or satisfaction of a debt, obligation or Liability, including a mortgage, charge, bill of sale, pledge, deposit, lien, encumbrance or hypothecation and a security interest as defined in sections 12(1) and 12(2) of the PPSA.

**Share** means a fully paid ordinary share of the Company, and where the context requires, includes a Loan Share.

**Tax Act** means the *Income Tax Assessment Act 1936*, the *Income Tax Assessment Act 1997*, or any legislation amending or replacing the provisions of those Acts relating to the issue and exercise of Awards.

**Vesting Conditions** means any conditions described in the Offer that must be satisfied before an Award can be exercised or before an Award (or Share issued under an Award) is no longer subject to forfeiture.

**Vesting Date** means the date on which an Award is exercisable or is no longer subject to forfeiture following satisfaction of any Vesting Conditions.

## 2.2 Interpretation

In these Rules, unless expressed to the contrary:

- (a) terms defined in the Corporations Act or the Listing Rules have the same meaning in these Rules;
- (b) words importing:
  - (i) the singular include the plural and vice versa;
  - (ii) any gender includes the other genders;
- (c) if a word or phrase is defined cognate words and phrases have corresponding definitions;
- (d) a reference to:
  - (i) a person includes a firm, unincorporated association, corporation and a government or statutory body or authority;
  - (ii) a person includes its legal personal representatives, successors and assigns;
  - (iii) a statute, ordinance, code or other law includes regulations and other statutory instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
  - (iv) a right includes a benefit, remedy, discretion, authority or power;

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- (v) "\$" or "dollars" is a reference to the lawful currency of Australia;
- (vi) this or any other document includes the document as varied or replaced and notwithstanding any change in the identity of the parties; and
- (vii) any thing (including, without limitation, any amount) is a reference to the whole or any part of it and a reference to a group of things or persons is a reference to any one or more of them.

## 2.3 Headings

- (a) Headings are for convenience only and do not affect the interpretation of these Rules.

## 2.4 Tax treatment of Plan

- (a) This Plan is a plan to which Subdivision 83A-C of the Tax Act applies (subject to the conditions in that Act).

## 3. Awards that may be made under the Plan

### 3.1 Making of Awards

- (a) The Company may, at the discretion of the Board, offer and issue Awards to Employees of the kind set out in this clause 3.

### 3.2 Options

- (a) The Company may offer or issue Options, which are rights to be issued a Share upon payment of the Exercise Price and satisfaction of specified Vesting Conditions. These terms apply unless the Offer specifies otherwise:
  - (i) Options are Restricted Awards until they are exercised or expire.
  - (ii) An Offer may specify a Restriction Period for Shares issued on the exercise of Options.
  - (iii) Options are subject to adjustment under clause 13.

### 3.3 Performance Rights

- (a) The Company may offer or issue Performance Rights, which are rights to be issued a Share for nil Exercise Price upon the satisfaction of specified Vesting Conditions. These terms apply unless the Offer specifies otherwise:
  - (i) Performance Rights are Restricted Awards until they are exercised or expire.
  - (ii) An Offer may specify a Restriction Period for Shares issued on the exercise of Performance Rights.
  - (iii) Performance Rights are subject to adjustment under clause 13.

### 3.4 Loan Shares

- (a) The Company may offer or issue Loan Shares, which are Shares issued to Employees at an Issue Price that the Board in its discretion determines, and may be subject to the satisfaction of specified Vesting Conditions. These terms apply unless the Offer specifies otherwise:
  - (i) Loan Shares are Restricted Awards until Vesting Conditions are satisfied and the Acquisition Loan is repaid or satisfied.

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- (ii) The Acquisition Loan and security terms in clause 4 apply.

## 3.5 Deferred Share Awards

- (a) The Company may offer or issue Deferred Share Awards, which are Shares issued to Employees:
  - (i) who elect to receive Shares in lieu of any wages, salary, director's fees, or other remuneration; or
  - (ii) by the Company in its discretion, in addition to their wages, salary and remuneration, or in lieu of any discretionary cash bonus or other incentive payment.
- (b) Unless a different Restriction Period is specified in an Offer, the Restriction Period for Deferred Share Awards will expire on the earlier of:
  - (i) when a Participant ceases to be an Employee;
  - (ii) when the Board, in its discretion, agrees to end the Restriction Period; and
  - (iii) 10 years from the date of issue of the Shares.

## 3.6 Exempt Share Awards

- (a) The Company may offer or issue Exempt Share Awards, which are Shares issued for no consideration or at an Issue Price which is a discount to the Market Price with the intention that up to \$1,000 (or such other amount which is exempted from tax under the Tax Act from time to time) of the total value or discount received by each Employee will be exempt from tax.
- (b) Unless a different Restriction Period is specified in an Offer, the Restriction Period for Exempt Share Awards will expire on the earlier of:
  - (i) three years from the date of issue of the Shares; and
  - (ii) the time when a Participant ceases to be an Employee.
- (c) The Company must offer Exempt Share Awards on a non-discriminatory basis as defined by section 83A-35(6) of the Tax Act.

## 4. Loan Shares

### 4.1 Offer of Acquisition Loan

- (a) The Company may provide an Acquisition Loan in relation to Loan Shares by making a loan to a Participant on the terms set out in an Offer and in these Rules.
- (b) The offer of an Acquisition Loan may be subject to the Company and the Participant executing agreements and other documents in a form acceptable to the Company providing for:
  - (i) the offer by the Company and the acceptance by the Participant of an Acquisition Loan equal to the aggregate Issue Price of the Loan Shares offered;
  - (ii) the grant by the Participant in favour of the Company of a Security Interest over the Loan Shares as set out in this clause 4 and the perfection of that Security Interest under the PPSA as a first ranking Security Interest; and
  - (iii) if required by the Company, a written agreement by the Participant to the application of a holding lock in respect of the Loan Shares.

## 4.2 Default Acquisition Loan Terms

- (a) Unless otherwise determined by the Board:
- (i) **(Timing)** an Acquisition Loan will be made to a Participant at the time the Participant acquires a Loan Share as the result of their acceptance of an Offer;
  - (ii) **(Amount)** the amount of the Acquisition Loan will be equal to the aggregate Issue Price of the Loan Shares offered;
  - (iii) **(Application of Acquisition Loan money)** a Participant who accepts an Acquisition Loan irrevocably authorises the Company to apply the Acquisition Loan on behalf of the Participant to pay for the aggregate Issue Price of the Loan Shares to be issued or transferred to the Participant Employee;
  - (iv) **(Acquisition Loans interest free)** an Acquisition Loan will not bear interest;
  - (v) **(Acquisition Loan Period)** the Acquisition Loan Period commences when the Acquisition Loan is made and ends on the earliest of:
    - (A) the date on which the Participant ceases to be an Employee;
    - (B) the buy-back of the Loan Shares in accordance with clause 12;
    - (C) the failure to satisfy any Vesting Conditions applicable to the Loan Shares;
    - (D) any breach by the Participant of this Plan where the breach is not remedied within seven days of the Company's notice to the Participant to do so; or
    - (E) an application being made to a court for an order, or an order being made, that the Participant be made bankrupt (or any similar event in any jurisdiction as determined by the Board in its discretion); and
  - (vi) **(Repayment)** a Participant:
    - (A) may repay all or part of an Acquisition Loan made to the Participant at any time before expiry of the Acquisition Loan Period; and
    - (B) must repay in full the outstanding amount of the Acquisition Loan at the end of the Acquisition Loan Period.

## 4.3 Repayment of Acquisition Loan

- (a) If an Acquisition Loan provided to a Participant becomes repayable, the Company must accept in full and complete satisfaction of the Participant's indebtedness and obligations to it under the Acquisition Loan:
- (i) if the applicable Vesting Conditions have been satisfied, the total amount owing by the Participant to the Company in cash or by other means agreed between the Participant and the Company; or
  - (ii) in any case, the transfer to the Company (or its nominee) of the Loan Shares to which the Acquisition Loan relates in accordance with clause 12.
- (b) If the Participant has:
- (i) not repaid the outstanding amount of an Acquisition Loan (if any) at the end of the Acquisition Loan Period; or

- (ii) not satisfied the Vesting Conditions applicable to the Loan Shares,

the Board may, in its discretion, determine that the Company may, on behalf of the Participant:

- (iii) transfer to the Company (or its nominee) the Loan Shares to which the outstanding amount of the Acquisition Loan or outstanding Vesting Conditions (as applicable) relate in accordance with clause 12; or
  - (iv) sell the relevant Loan Shares to which the outstanding amount of the Acquisition Loan or outstanding Vesting Conditions (as applicable) relate.
- (c) Without limiting the generality of clause 16, for the purpose of the sale of the Loan Shares in accordance with clause 4.3(b)(iv), the Participant appoints the secretary of the Company (or his or her duly authorised delegate) as their attorney and authorises the secretary of the Company (or their duly authorised delegate) to sell the relevant Loan Shares on behalf of the Participant. The Company and the secretary will have complete discretion in respect of the sale of the relevant Loan Shares under clause 4.3(b)(iv) and will not be liable to the Participant in respect of the timing of or price obtained on or any other circumstances relating to such sale.
- (d) If the Company sells any Loan Shares in accordance with clause 4.3(b)(iv), the proceeds of sale will be applied in the following order, unless the Board otherwise determines:
- (i) in payment of any costs and expenses of the sale incurred by the Company;
  - (ii) in reduction of the outstanding amount of the Acquisition Loan (if any); and
  - (iii) the balance (if any):
    - (A) if Vesting Conditions applicable to the Loan Shares were satisfied at the time of the sale, in payment to the Participant; or
    - (B) if the Loan Shares were unvested at the time of the sale, in payment to the Company.

#### 4.4 Limited recourse

- (a) If the Acquisition Loan is discharged or repaid under clauses 4 to 4.6 then:
- (i) no further amount will be repayable by the Participant to the Company under the Acquisition Loan in respect of the Loan Shares; and
  - (ii) no further amount will at any time be recoverable by the Company from the Participant in respect of the Acquisition Loan.

#### 4.5 Security

- (a) As security for the Acquisition Loan, each Participant grants to the Company:
- (i) a pledge of its Loan Shares provided under the Plan; and
  - (ii) a charge over all dividends and other amounts paid or payable on those Loan Shares.
- (b) While the Shares are subject to the restrictions of this Plan, a Participant must not without the consent of the Board:
- (i) create, other than in favour of the Company, any Security Interest over any Shares; or

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- (ii) grant, or agree to grant, a first right of refusal, voting right, or pre-emptive right or enter into any agreement, option or other arrangement to grant such an interest or right.
- (c) Loan Shares are Restricted Awards until the Vesting Conditions applicable to the Loan Shares (if any) are satisfied and/or the Acquisition Loan is repaid, unless the Board in its discretion determines otherwise.
- (d) The Company is entitled to retain the share certificates (if any) for any Loan Shares provided under this Plan to the Participant, and to impose a holding lock on the Loan Shares.

## 4.6 Dividends and other entitlements

- (a) The Company may retain, or pay to itself on behalf of a Participant, any moneys (including dividends) and any capital distributions that may become payable in respect of a Loan Share in reduction of the amount outstanding under the Acquisition Loan in respect of that Loan Share.
- (b) A Participant may not participate in any dividend reinvestment plan (or similar plan) established by the Company until the Acquisition Loan in respect of his or her Loan Shares has been fully repaid.
- (c) If any Shares or other securities are issued in respect of Loan Shares as part of a bonus or entitlement issue, then those Shares or other securities will also be subject to the security in this clause 4.5 and the other terms of this Plan as if they were a Loan Share (unless the Board otherwise determines).

## 5. Offers of Awards

### 5.1 Offers to any employee

- (a) Subject to clause 6, the Company may make an Offer to any Employee.

### 5.2 Form of Offer

- (a) Each Offer must be in writing (which includes email), include an Application if acceptance is required, and specify the following to the extent applicable:
  - (i) the identity of the Employee to whom the Offer is made;
  - (ii) the type of Awards being offered;
  - (iii) the number of Awards being offered;
  - (iv) any Vesting Conditions for the Awards;
  - (v) the Issue Price and/or Exercise Price for the Awards, or the manner in which the Issue Price and/or Exercise Price is to be determined;
  - (vi) the Expiry Date (if any);
  - (vii) any Restriction Period;
  - (viii) any other terms or conditions that the Board decides to include; and
  - (ix) any other matters required to be specified in the Offer by either the Corporations Act or the Listing Rules.
- (b) If required by applicable laws or the conditions to applicable ASIC relief, the Offer must include an undertaking by the Company to provide to a Participant, if a request is made before the



Award is Exercised and within a reasonable period of being so requested, the current market price of the Shares.

## 5.3 Compliance with laws

- (a) No Offer will be made to the extent that any such Offer would contravene the Company's Constitution, the Listing Rules, the Corporations Act or any other applicable law.

## 5.4 Acceptance

- (a) If acceptance of an Offer is required, it may be accepted:
  - (i) by an Employee completing and returning the Application, as required by the Offer, by not later than the date specified in the Offer; and
  - (ii) if required, by the Employee making or directing payment of the total amount payable for the Awards (if any) accepted under the Offer, in the manner specified in the Offer.
- (b) An Offer which requires acceptance lapses if it is not accepted by the Employee to whom the Offer is made as required under clause 5.4.

## 6. Dilution limit

- (a) An Offer of Awards must not be made if the total of the following:
  - (a) the number of Shares which are the subject of the Offer of Awards;
  - (b) the total number of Shares which are the subject of any outstanding Offers of Awards;
  - (c) the total number of Shares issued during the previous five years under this Plan or any other employee share scheme extended only to Employees of the Company (adjusted if necessary in each case for capital reorganisations), but not including existing Shares transferred to a Participant after having been acquired for that purpose; and
  - (d) the total number of Shares which would be issued under all outstanding Awards that have been granted but which have not yet been exercised, terminated or expired, assuming all such Awards were exercised and ignoring any Vesting Conditions,but disregarding any Offer made, or Award offered or issued, or Share issued by way of or as a result of:
  - (e) an offer to a person situated outside Australia at the time of receipt of the offer;
  - (f) an offer that did not need disclosure to investors because of section 708 of the Corporations Act; or
  - (g) of offer made under a disclosure document as defined in the Corporations Act, would exceed 5% of the number of Shares on issue at the time of the Offer.

## 7. Vesting and Exercise of Awards

### 7.1 Vesting

- (a) The Awards held by a Participant will vest in and become exercisable by that Participant upon the satisfaction of any Vesting Conditions specified in the Offer and in accordance with these Rules.

- (b) Vesting Conditions may be waived at the absolute discretion of the Board (unless such waiver is excluded by the terms of the Award).

## 7.2 Default vesting conditions if none specified in an Offer

- (a) If vesting conditions or other vesting events are not specified in an Offer and the Offer does not expressly state to the effect that no vesting conditions apply, the following Vesting Conditions apply to any Options, Performance Rights or Loan Shares offered under the Plan:
  - (i) the Awards only vest if at the applicable vesting date the Participant either:
    - (A) remains employed with a Group Member, continues to provide consulting services to a Group Member or acts as a director of a Group Member (as applicable); or
    - (B) ceased to do so before the applicable vesting date in circumstances where the person was a Good Leaver; and
  - (ii) the Awards vest in equal one-third tranches on the first, second, and third anniversaries of the grant date of the Awards (or of another date specified in the Offer for this purpose).

## 7.3 Automatic Exercise

- (a) Unless clause 7.3 applies, the vesting of an Award on the satisfaction of any Vesting Conditions will not automatically trigger the exercise of the Award.
- (b) The terms of an Award which has a nil Exercise Price may provide for the Award to be exercised automatically upon vesting. Further, and whether or not the terms of the Award provide for it, the Board may in its discretion waive any requirement that an issued Award which has a nil Exercise Price be exercised by the Participant. In either case the Company will treat the Award as having been validly exercised on the Vesting Date.

## 7.4 Exercise of Awards

- (a) A Participant is, subject to this clause 7, entitled to exercise an Award on or after the Vesting Date. Any exercise must be for a minimum number or multiple of Shares (if any) specified in the terms of the Offer.
- (b) Awards may be exercised by the Participant delivering to the Company a notice stating the number of Awards to be exercised together with the Issue Price (if any) for the Shares to be issued.

## 8. Allotment of Shares on exercise or vesting of Awards

### 8.1 Rights attaching to Shares

- (a) The Shares issued under this Plan will upon allotment:
  - (i) be credited as fully paid;
  - (ii) rank equally for dividends and other entitlements where the record date is on or after the date of allotment, but will carry no right to receive any dividend or entitlement where the record date is before the date of allotment;
  - (iii) be subject to any restrictions imposed under these Rules, and
  - (iv) otherwise rank equally with the existing issued Shares at the time of allotment.

## 8.2 Quotation

- (a) If the Company is Listed, then as soon as practicable after the date of the allotment of Shares, the Company will, unless the Board otherwise resolves, apply for official quotation of such Shares on the ASX.

## 8.3 New or existing Shares

- (a) The Company may, in its discretion, either issue new Shares or cause existing Shares to be acquired for transfer to the Participant, or a combination of both alternatives, to satisfy the Company's obligations under these Rules.
- (b) If the Company determines to cause the transfer of Shares to a Participant, the Shares may be acquired in such manner as the Company considers appropriate, including from a trustee appointed under clause 8.4.

## 8.4 Trustee

- (a) The Company may appoint a trustee on terms and conditions which it considers appropriate to acquire and hold Shares, options, or other securities of the Company either on behalf of Participants or for the purposes of this Plan.

## 9. Restricted Awards

### 9.1 Restrictions

- (a) A Participant must not sell, transfer, grant a Security Interest over or otherwise dispose of any Restricted Awards, or agree to do any of those things, during the Restriction Period.
- (b) The Company may implement any procedures it considers appropriate to ensure that Restricted Awards are not disposed of during the Restriction Period, including applying a holding lock in respect of Shares.
- (c) Without limiting its discretions under these Rules, the Board may at any time in its discretion waive or shorten the Restriction Period applicable to an Award.

### 9.2 Bonus issues

- (a) If the Company makes a pro rata bonus issue to holders of Restricted Awards, the Shares issued to Participants under the pro rata bonus issue will be subject to the balance of the Restriction Period that applied to the Restricted Awards.

### 9.3 Takeovers and control transactions

- (a) If a takeover bid is made to acquire all of the issued Shares of the Company, or a scheme of arrangement, selective capital reduction or other transaction is initiated which has an effect similar to a full takeover bid for Shares in the Company, then Participants are entitled to accept the takeover bid or participate in the other transaction in respect of all or part of their Awards other than Exempt Share Awards notwithstanding that the Restriction Period in respect of such Awards has not expired. The Board may, in its discretion, waive unsatisfied Vesting Conditions in relation to some or all Awards in the event of such a takeover or other transaction.

### 9.4 Personal representatives

- (a) If a Participant dies before the end of the Restriction Period, then the legal personal representative of that deceased Participant will have the same rights and benefits and be subject

to the same obligations in respect of those Shares as the deceased Participant would have had or been subject to had they survived until the end of the Restriction Period.

## 10. Hedging unvested Awards

- (a) Participants must not enter into transactions or arrangements, including by way of derivatives or similar financial products, which limit the economic risk of holding unvested Awards.
- (b) Without limiting clause 11, if a Participant is a member of the Company's key management personnel (as defined in the Corporations Act) then the Participant must also observe any additional restrictions imposed by the Corporations Act.

## 11. Clawback

- (a) If in relation to a Participant's Awards:
  - (i) the Company or Board waived any Vesting Condition; or
  - (ii) the Company or Board determined that a Vesting Condition was satisfied; or
  - (iii) clause 7.2(a)(i)(B) (Good Leaver vesting) applied to the Awards,and it was the case or is later discovered that:
  - (iv) a Vesting Condition was not, in fact, satisfied; or
  - (v) the Participant was not, in fact, entitled to the benefit of clause 7.2(a)(i)(B); or
  - (vi) the satisfaction of a Vesting Condition, or the decision of the Company or Board to waive a Vesting Condition, was contributed to by the Participant's fraud, unlawful behaviour, wilful default, or conduct in material breach of the Company's policies and codes of conduct,

then the Board may determine that:

- (vii) all or some of the Awards held by the Participant immediately expire and are incapable of being exercised; and/or
- (viii) the Participant must, or must procure that any relevant third party, immediately on request by the Company transfers any or all Shares issued upon the exercise of the relevant Award on terms, determined by the Company (which may include transferring them for nil consideration), to:
  - (A) the Company in accordance with clause 12; or
  - (B) to a person, determined by the Board in its discretion; and/or
- (ix) the Participant must pay the Company any:
  - (A) proceeds received from the sale of any Shares issued upon the exercise of the Awards; and
  - (B) any distributions or dividends paid on Shares issued upon the exercise of the Awards,

as a debt due to the Company.

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## 12. Share buy-back or transfer

### 12.1 When Shares are bought back or transferred

- (a) Shares held by a Participant may be bought back and cancelled if:
- (i) the Participant elects to transfer Loan Shares to the Company in satisfaction of any outstanding Acquisition Loan under clause 4.3(a)(ii);
  - (ii) an Acquisition Loan has become repayable and either the Participant does not repay the Acquisition Loan in accordance with clause 4.3(a)(i) on the repayment due date or any Vesting Conditions in respect of relevant Loan Shares have not been satisfied at the repayment due date;
  - (iii) any Vesting Conditions in respect of relevant Loan Shares have not been satisfied by the last date for their satisfaction (if applicable) or have otherwise failed to be satisfied; or
  - (iv) the circumstances set out in clause 4.3(a)(ii) arise and the Board in its discretion determines that Participant must, or must procure that any relevant third party must transfer any or all Shares issued upon the exercise of a relevant Award.

### 12.2 Buy-back price

- (a) The consideration for a buy-back of Shares is:
- (i) if the buy-back is in respect of Loan Shares, the full satisfaction of any Acquisition Loan provided in connection with the acquisition of those Loan Shares, even if the amount of Acquisition Loan was or has been reduced to nil; or
  - (ii) if the buy-back is in the circumstances set out in clause 11, nil.

### 12.3 How Shares are bought back

- (a) A Participant and the Company must do whatever is necessary or desirable to effect a buy-back or transfer of Shares when required under clause 12. Each Participant irrevocably appoints the Company and each of its Directors and secretaries from time to time severally as its attorney to sign any document necessary or desirable, and carry out any act, on that Participant's behalf for the purposes of this clause 12.
- (b) If the buy-back is in respect of Loan Shares where an Acquisition Loan is outstanding, payment of the amount by the Company under a buy-back of the Loan Share as provided in this clause 12 will be satisfied by being set off and applied against the amount of the Acquisition Loan outstanding in respect of the Loan Share bought back.
- (c) If it is impractical to buy back Shares to which this clause 12 applies, or if the Board in its discretion otherwise determines, the Company may, instead of buying back the relevant Shares, direct that they be transferred to a person nominated by the Company. Any transfer under this clause 12.3(c) will discharge the Participant's Acquisition Loan in the same way as a buy-back would have done if conducted under this clause 12.

## 13. Adjustments

### 13.1 This clause

- (a) This clause 13 applies to Options, Performance Rights, and other Awards where the Participant may be entitled to acquire Shares in the future on exercise of the Award.

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## 13.2 New issues of shares

- (a) A Participant is not entitled to participate in a new issue of Shares or other securities made by the Company to holders of its Shares without exercising the Awards, or unless the applicable Loan Shares or other Shares comprising the Award are on issue, before the record date for the relevant new issue.

## 13.3 Bonus issues

- (a) If, prior to the exercise of an Award, the Company makes a pro-rata bonus issue to the holders of its Shares, and the Award is not exercised prior to the record date in respect of that bonus issue, the Award will, when exercised, entitle the holder to one Share plus the number of bonus shares which would have been issued to the holder if the Award had been exercised prior to the record date.

## 13.4 Other reorganisations of capital

- (a) If, prior to the exercise of an Award, the Company undergoes a reorganisation of capital (other than by way of a bonus issue or issue for cash) the terms of the Awards of the Participant will be changed to the extent necessary to comply with the Listing Rules as they apply at the relevant time.

## 13.5 General

- (a) Unless otherwise permitted by the Listing Rules, the number of Shares which the Participant is entitled to receive on exercise of an Award will only be adjusted in accordance with this clause 13.
- (b) The Company must give notice to Participants of any adjustment to the number of Shares which the Participant is entitled to receive on exercise of an Award in accordance with the Listing Rules.

## 14. Termination benefits

- (a) This clause 14 applies to any benefit which may be required to be provided by any Group entity (Benefit). This clause 14 applies notwithstanding, and prevails over, any other provision of this Plan, an Offer, Award or other agreement or arrangement.
- (b) No person will be entitled to any Benefit in connection with any person's cessation of Employment to the extent that the giving of the Benefit would give rise to a breach of Part 2D.2 of the Corporations Act, any other provision of the Corporations Act, or any other applicable law which limits or restricts the giving of such Benefits (**Limiting Legislation**).
- (c) If any Limiting Legislation limits the amount of the Benefit, or the amount of the Benefit that may be given without obtaining shareholder approval, the Benefit is capped at that amount and no further Benefit is required to be provided to the relevant person. The Group may reduce any Benefit in such manner as it determines appropriate to ensure compliance with Limiting Legislation and so that shareholder approval does not need to be obtained. No Group entity is required to seek or obtain the approval of its shareholders for the purpose of overcoming any limitation or restriction imposed by any Limiting Legislation.

## 15. Tax compliance

### 15.1 Taxes and withholding

- (a) The Company is not responsible for any taxes which may become payable by a Participant in connection with the issue or transfer of Awards, the issue, transfer or allocation of Shares, or any other dealing by a Participant with such Awards or Shares including the payment of any cash amount. Participants are solely responsible for all such amounts.
- (b) Where a Group entity, or a trustee appointed under these Rules, must account for any tax or social security contributions (in any jurisdiction) for which a Participant may be liable because of the issue or transfer of Shares, payment of cash, or the vesting or exercise of an Award (the **Amount**), the entity or trustee may in its discretion:
  - (i) withhold up to the Amount from any cash payment; and/or
  - (ii) withhold a number of Shares which would otherwise be provided to the Participant and sell them in order to realise the Amount (with any excess received over the Amount net of costs of sale being paid to the Participant).

The entity or trustee may also, either instead of or in addition to exercising the above discretion:

- (iii) accept payment from the Participant of the relevant Amount; or
- (iv) make acceptable arrangements with the Participant for the Amount to be made available.

### 15.2 Tax reporting

- (a) Participants acknowledge that the Company may have reporting obligations in relation to participation in the Plan. Participants authorise the Company to provide information regarding their participation in the Plan, and any related personal or financial information, to any tax authority or other government agency (in any jurisdiction) to the extent required by law, or by the official policy of the tax authority or a government agency.

## 16. Power of attorney

- (a) In consideration of the issue of the Awards, each Participant irrevocably appoints each director and the secretary for the time being of the Company severally as his or her attorney, to do all acts and things and to complete and execute any documents, including share transfers, in his or her name and on his or her behalf that may be convenient or necessary for the purpose of giving effect to the provisions of these Rules or the terms of an Award.
- (b) The Participant (or after his or her death, his or her legal personal representative) will be deemed to ratify and confirm any act or thing done under this power and must indemnify the attorney in respect of doing so.

## 17. Powers of the Board

- (a) The Plan will be administered by the Board, or a committee of the Board, which will have an absolute discretion to:
  - (i) determine appropriate procedures for administration of the Plan consistent with these Rules;
  - (ii) resolve conclusively all questions of fact or interpretation arising in connection with the Plan or these Rules;

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- (iii) delegate to any one or more persons, for such period and on such conditions as they may determine, the exercise of any of their powers or discretions under the Plan or these Rules;
- (iv) formulate special terms and conditions (subject to the Listing Rules), in addition to those set out in these Rules to apply to Participants employed and/or resident in and/or who are citizens of countries other than Australia. Each of these special terms and conditions will be restricted in their application to those Participants employed and/or resident in and/or who are citizens of other jurisdictions; and
- (v) amend these Rules, provided that such amendments do not materially prejudice the rights of existing Participants except where the amendment is made primarily:
  - (A) for the purpose of complying with a law which affects the Group, a Participant, or Awards;
  - (B) for the purpose of complying with the Listing Rules; or
  - (C) to correct any manifest error or mistake.
- (b) While the Company is Listed, the Board may only exercise its powers in accordance with the Listing Rules.

## 18. Commencement, suspension, termination and amendment of Plan

- (a) Subject to the passing of any necessary resolution approving the establishment of the Plan and the issue of the Awards, the Plan will take effect when the Board decides.
- (b) The Plan may be suspended, terminated or amended at any time by the Board, subject to any resolution of the Company required by the Listing Rules.

## 19. General provisions

### 19.1 Bound by Constitution and Securities Trading Policy

- (a) Participants who are issued or who exercise Awards under this Plan are deemed to agree to be bound by these Rules, the Constitution, and by any Securities Trading Policy (by whatever name called), as each of those documents is in force from time to time.

### 19.2 Notices

- (a) Any notice required to be given by the Company to a Participant or any correspondence to be made between the Company and a Participant may be given or made by the Board or its delegate on behalf of the Company.
- (b) Any notice to be given by the Company may be given by email, and any reference to the Company giving or providing information or documents in writing includes doing so by email.

### 19.3 Effect on employee entitlements

- (a) Participation in the Plan does not affect an Employee's terms of employment or appointment with the Group. In particular, participation in the Plan does not detract from any right the Group may have to terminate the employment or appointment of an Employee.
- (b) Participation in the Plan, or the issuing of any Awards, does not form part of the Employee's remuneration for the purposes of determining payments in lieu of notice of termination of



employment, severance payments, leave entitlements, or any other compensation payable to an Employee upon the termination of employment.

- (c) Participation in the Plan, or receipt of an Offer, does not confer on any person any expectation to receive an Offer in the future, or an expectation of benefits in lieu of participation in the Plan, even if participation is offered repeatedly.

## **19.4 Governing law and jurisdiction**

These Rules are governed by and are to be construed in accordance with the laws of the State of Victoria and each Participant submits to the non-exclusive jurisdiction of the Courts of Victoria.

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