

6 October 2020

Dear Shareholder

2020 ANNUAL GENERAL MEETING NOTICE AND PROXY FORM

Decmil Group Limited (ASX: DCG) ("Decmil") is convening its 2020 Annual General Meeting of Shareholders on Wednesday, 4 November 2020 at 10:00am (WST) ("Meeting").

If you would like to attend the Meeting, it will be held at Decmil's offices located at Level 7, 20 Parkland Road, Osborne Park, Western Australia.

In accordance with subsection 5(1)(f) of the Corporations (Coronavirus Economic Response) Determination (No. 3) 2020, the Company will not be dispatching physical copies of the Notice of Annual General Meeting ("Notice"). Instead, a copy of the Notice is attached and available at the following link <https://decmil.com/about-us/news-investor/corporate-governance/> and should be read in its entirety prior to voting.

Resolution 9 of the Notice proposes a replacement of Decmil's constitution. A copy of the proposed constitution is also available on the Decmil website link above.

Shareholders are encouraged to participate in voting. To vote by proxy, please complete and sign your personalised Proxy Form and return it by the time and in accordance with the instructions set out on the Proxy Form. Alternatively, you can vote online, or in person by attending the Meeting at the time, date and place set out above.

Proxy Forms and online votes must be received by 10:00am (WST) on Monday, 2 November 2020.

If COVID-19 social distancing restrictions change prior to the Meeting, the Company will advise via an ASX announcement as to any changes in the manner in which the Meeting will be held and as to whether shareholders will still be able to attend in person and participate in the usual way.

Should you wish to discuss the matters in this Notice please do not hesitate to contact me on (+618) 9368 8877.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Alison Thompson'.

Alison Thompson
Company Secretary

decmil.com

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Osborne Park, Western Australia 6017
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ASX: DCG
ABN 35 111 210 390



Decmil Group Limited

Notice of Annual General Meeting

2020



Date | 4 November 2020 **Time** | 10:00am (WST)
Place | 20 Parkland Road, Osborne Park, WA 6017

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

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on (+61 8) 9368 8877.

BUSINESS OF THE MEETING

AGENDA

1. FINANCIAL STATEMENTS AND REPORTS

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2020 together with the declaration of the Directors, the Director's report, the Remuneration Report and the auditor's report.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **non-binding resolution**:

"That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's annual financial report for the financial year ended 30 June 2020."

Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.

Voting Prohibition Statement:

A vote on this Resolution must not be cast (in any capacity) by or on behalf of either of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person (the **voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (b) the voter is the Chair and the appointment of the Chair as proxy:
 - (i) does not specify the way the proxy is to vote on this Resolution; and
 - (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

3. RESOLUTION 2 – ELECTION OF DIRECTOR – ANDREW BARCLAY

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

"That, for the purpose of clause 13.4 of the Constitution, Listing Rule 14.4 and for all other purposes, Andrew Barclay, a Director who was appointed casually on 28 July 2020, retires, and being eligible, is elected as a Director."

4. RESOLUTION 3 – ELECTION OF DIRECTOR – PETER THOMAS

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

"That, for the purpose of clause 13.4 of the Constitution, Listing Rule 14.4 and for all other purposes, Peter Thomas, a Director who was appointed casually on 28 July 2020, retires, and being eligible, is elected as a Director."

5. RESOLUTION 4 – RATIFICATION OF PRIOR ISSUE OF SHARES

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

“That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 37,564,277 Shares on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement:

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

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

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

6. RESOLUTION 5 – ISSUE OF OPTIONS TO DIRECTOR – ANDREW BARCLAY

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

“That, for the purposes of section 195(4) and section 208 of the Corporations Act, Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue 9 million Options (pre-consolidation) to Andrew Barclay (or their nominee) under the Incentive Plan on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement:

The Company will disregard any votes cast in favour of the Resolution by or on behalf of any person referred to in Listing Rule 10.14.1, 10.14.2 or 10.14.3 (or their nominee(s)) who is eligible to participate in the employee incentive scheme in question (including Andrew Barclay (or his nominee(s)) or an associate of that person or those persons .

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

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

Voting Prohibition Statement:

In accordance with section 224 of the Corporations Act, a vote on this Resolution must not be cast (in any capacity) by or on behalf of a related party of the Company to whom the Resolution would permit a financial benefit to be given, or an associate of such a related party (**Resolution 5 Excluded Party**). However, the above prohibition does not apply if the vote is cast by a person as proxy appointed by writing that specifies how the proxy is to vote on the Resolution and it is not cast on behalf of a Resolution 5 Excluded Party.

In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

Provided the Chair is not a Resolution 5 Excluded Party, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

7. RESOLUTION 6 – ISSUE OF OPTIONS TO DIRECTOR – PETER THOMAS

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

“That, for the purposes of section 195(4) and section 208 of the Corporations Act, Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue 9 million Options (pre-consolidation) to Peter Thomas (or their nominee) under the Incentive Plan on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement:

The Company will disregard any votes cast in favour of the Resolution by or on behalf of any person referred to in Listing Rule 10.14.1, 10.14.2 or 10.14.3 (or their nominee(s)) who is eligible to participate in the employee incentive scheme in question (including Peter Thomas (or his nominee(s)) or an associate of that person or those persons.

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

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

Voting Prohibition Statement:

In accordance with section 224 of the Corporations Act, a vote on this Resolution must not be cast (in any capacity) by or on behalf of a related party of the Company to whom the Resolution would permit a financial benefit to be given, or an associate of such a related party (**Resolution 6 Excluded Party**). However, the above prohibition does not apply if the vote is cast by a person as proxy appointed by writing that specifies how the proxy is to vote on the Resolution and it is not cast on behalf of a Resolution 6 Excluded Party.

In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

Provided the Chair is not a Resolution 6 Excluded Party, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

8. RESOLUTION 7 – ISSUE OF PERFORMANCE RIGHTS TO DIRECTOR – DICKIE DIQUE

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

“That, for the purposes of section 195(4) and section 208 of the Corporations Act, Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue 11 million Performance Rights (pre-consolidation) to Dickie Dique (or their nominee) under the Incentive Plan on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement:

The Company will disregard any votes cast in favour of the Resolution by or on behalf of any person referred to in Listing Rule 10.14.1, 10.14.2 or 10.14.3 (or their nominee(s)) who is eligible to participate in the employee incentive scheme in question (including Dickie Dique (or his nominee(s)) or an associate of that person or those persons.

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

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

Voting Prohibition Statement:

In accordance with section 224 of the Corporations Act, a vote on this Resolution must not be cast (in any capacity) by or on behalf of a related party of the Company to whom the Resolution would permit a financial benefit to be given, or an associate of such a related party (**Resolution 7 Excluded Party**). However, the above prohibition does not apply if the vote is cast by a person as proxy appointed by writing that specifies how the proxy is to vote on the Resolution and it is not cast on behalf of a Resolution 7 Excluded Party.

In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

Provided the Chair is not a Resolution 7 Excluded Party, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

9. RESOLUTION 8 – CONSOLIDATION OF CAPITAL

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

"That, pursuant to section 254H of the Corporations Act and for all other purposes, the issued capital of the Company be consolidated on the basis that:

- (a) every 10 (ten) Shares be consolidated into 1 (one) Share;*
- (b) every 10 (ten) Options be consolidated into 1 (one) Option; and*
- (c) every 10 (ten) Performance Rights be consolidated into 1 (one) Performance Right.*

and, where this Consolidation results in a fraction of a Share, Option or Performance Right being held, the Company be authorised to round that fraction up to the nearest whole Share, Option, or Performance Right (as the case may be)."

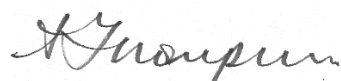
10. RESOLUTION 9 – REPLACEMENT OF CONSTITUTION

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

"That, for the purposes of section 136(2) of the Corporations Act and for all other purposes, approval is given for the Company to repeal its existing Constitution and adopt a new constitution in its place in the form as signed by the chairman of the Meeting for identification purposes."

Dated: 5 October 2020

By order of the Board



Alison Thompson
Company Secretary

Voting eligibility time

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 5.00pm (WST) on 2 November 2020.

Voting by proxy

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

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

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

Shareholders and their proxies should be aware that:

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

Voting in person

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

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 9208 8055.

EXPLANATORY STATEMENT

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

1. FINANCIAL STATEMENTS AND REPORTS

In accordance with the Corporations Act, the business of the Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2020 together with the declaration of the Directors, the Directors' report, the Remuneration Report and the auditor's report.

The Company will not provide a hard copy of the Company's annual financial report to Shareholders unless specifically requested to do so. The Company's annual financial report is available on its website at www.decmil.com.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

2.1 General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the company or the directors of the company.

The remuneration report sets out the company's remuneration arrangements for the directors and senior management of the company. The remuneration report is part of the directors' report contained in the annual financial report of the company for a financial year.

The chair of the meeting must allow a reasonable opportunity for its shareholders to ask questions about or make comments on the remuneration report at the annual general meeting.

2.2 Voting consequences

A company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (**Spill Resolution**) if, at consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the company must convene a shareholder meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the directors of the company who were in office when the directors' report (as included in the company's annual financial report for the most recent financial year) was approved, other than the managing director of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as directors of the company is approved will be the directors of the company.

2.3 Previous voting results

At the Company's previous annual general meeting the votes cast against the remuneration report considered at that annual general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

3. RESOLUTIONS 2 AND 3 – ELECTION OF DIRECTORS – ANDREW BARCLAY AND PETER THOMAS

3.1 General

The Constitution allows the Directors to appoint at any time a person to be a Director either to fill a casual vacancy or as an addition to the existing Directors, but only where the total number of Directors does not at any time exceed the maximum number specified by the Constitution.

Pursuant to the Constitution and Listing Rule 14.4, any Director so appointed holds office only until the next annual general meeting and is then eligible for election by Shareholders but shall not be taken into account in determining the Directors who are to retire by rotation (if any) at that meeting.

Andrew Barclay and Peter Thomas, having both been appointed by other Directors on 28 July 2020 in accordance with the Constitution, will retire in accordance with the Constitution and Listing Rule 14.4 and being eligible, seek election from Shareholders.

3.2 Qualifications and other material directorships

Andrew Barclay

Mr Barclay is an experienced legal practitioner and operates his own legal practice. Andrew is a former partner of the Perth office of Mallesons Stephen Jacques (now King and Wood Mallesons) with over 30 years' experience in major projects, mining, banking and finance and insolvency matters. In private practice Andrew was involved in significant Western Australian infrastructure and mining projects, and major Western Australian corporate insolvencies. More recently Andrew has acted as in-house counsel during successful construction phases (through to operation) of the mine, rail and port infrastructure projects of Fortescue Metals Group Ltd and Roy Hill Holdings Ltd. Mr Barclay has also been appointed Decmil Chairman.

Peter Thomas

Mr Thomas is currently the Chief Financial Officer of Decmil and has held senior executive positions (including CEO and CFO) at Fortescue Metals Group, Adani Australia and the Balla Balla Infrastructure Group. Mr Thomas is an experienced executive in the construction and resources industry with a proven track record in delivering large construction projects, and leading commercial, financial and corporate affairs. Mr Thomas will continue as Chief Financial Officer of Decmil until the end of 2020 at which time a new CFO will be appointed.

3.3 Independence

Andrew Barclay

Andrew Barclay has no interests, position or relationship that might influence, or reasonably be perceived to influence, in a material respect his capacity to bring

an independent judgement to bear on issues before the Board and to act in the best interest of the Company as a whole rather than in the interests of an individual security holder or other party.

If elected the Board considers Mr Barclay will be an independent Director.

Peter Thomas

If elected the Board does not consider Mr Thomas will be an independent Director.

3.4 Other material information

The Company conducts appropriate checks on the background and experience of candidates before their appointment to the Board. These include checks as to a person's experience, educational qualifications and character. The Company undertook such checks prior to the appointment of both Mr Barclay and Mr Thomas.

3.5 Board recommendation

The Board has reviewed the performance of Mr Barclay and Mr Thomas since their appointment to the Board and considers that both candidate's skills and experience will continue to enhance the Board's ability to perform its role. Accordingly, the Board supports the election of Mr Barclay and Mr Thomas and recommends that Shareholders vote in favour of Resolution 2 and 3.

4. RESOLUTION 4 – RATIFICATION OF PRIOR ISSUE OF PLACEMENT SHARES

4.1 General

On 19 June 2020, the Company announced that it had firm commitments from cornerstone sub-underwriters to participate in a top-up placement involving the issue of approximately 37.6 million Shares (**Placement Shares**) to raise approximately \$1.9 million (**Placement**).

The Company engaged the services of Hartleys Limited (ACN 104 195 057) (AFSL 230052) (**Hartleys**), to lead manage the issue of the Placement Shares. The Company has paid Hartleys a fee of \$95,000 plus GST (being, 5% of the amount raised under the issue of the Placement Shares).

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

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

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

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

Resolution 4 seeks Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the Placement Shares.

4.2 Technical information required by Listing Rule 14.1A

If Resolution 4 is passed, the Placement Shares will be excluded in calculating the Company's 15% limit in Listing Rule 7.1, effectively increasing the number of equity securities the Company can issue without Shareholder approval over the 12 month period following the date of issue of the Placement Shares.

If Resolution 4 is not passed, the Placement Shares will be included in calculating the Company's 15% limit in Listing Rule 7.1, effectively decreasing the number of equity securities that the Company can issue without Shareholder approval over the 12 month period following the date of issue of the Placement Shares.

4.3 Technical information required by Listing Rule 7.5

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to Resolution 4:

- (a) the Placement Shares were issued to professional and sophisticated investors. The recipients were identified through a bookbuild process undertaken by the Company in conjunction with Hartleys, who acted as lead manager to the Placement. None of the participants in the Placement were related parties of the Company;
- (b) 37,564,277 Placement Shares were issued and the Placement Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (c) the Placement Shares were issued on 9 June 2020;
- (d) the issue price was \$0.05 per Placement Share. The Company has not and will not receive any other consideration for the issue of the Placement Shares;
- (e) the purpose of the issue of the Placement Shares was to raise \$1,878,214, which has been used to bolster Decmil's general working capital position, maintain a strong net cash position, improve the current ratio for accreditations and fund the strong pipeline of tenders;
- (f) the Placement Shares were issued in conjunction with the wider ANREO capital raising which was undertaken pursuant to the prospectus lodged on 28 May 2020 (**Prospectus**). As disclosed in the Prospectus, the Company entered into an Offer Management Agreement with Hartleys pursuant to which, among other things, Hartleys was appointed to manage the Placement. In consideration for its services, Hartleys was paid a fee equal to 5% of the total amount raised under the Placement. Hartleys received no other consideration (other than reimbursement for other reasonable costs and expenses) for its engagement in relation to the Placement. The full terms and conditions of the Offer Management

Agreement as they relate to the ANREO are set out in section 9.22 of the Prospectus; and

- (g) a voting exclusion statement is included in Resolution 4 of the Notice.

5. RESOLUTION 5 TO 7 – ISSUE OF INCENTIVE SECURITIES TO DIRECTORS – ANDREW BARCLAY, PETER THOMAS AND DICKIE DIQUE

5.1 General

The Company has agreed, subject to obtaining Shareholder approval, to issue:

- (a) 9 million Options (on a pre Consolidation basis) (**Related Party Options**) to each of Andrew Barclay and Peter Thomas (or their nominee(s)); and
- (b) 11 million Performance Rights (on a pre Consolidation basis) (**Related Party Performance Rights**) to Dickie Dique (or his nominee),

pursuant to the Incentive Plan (**Incentive Plan**) on the terms and conditions set out below.

The Related Party Options and the Related Party Performance Rights are referred to together as the **Related Party Securities**.

Messrs Barclay, Thomas and Dique are together referred to as the **Related Parties**.

Resolutions 5 to 7 seek Shareholder approval for the issue of the Related Party Securities to the Related Parties.

5.2 Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

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

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

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

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

5.3 Listing Rule 10.14

Listing Rule 10.14 provides that an entity must not permit any of the following persons to acquire equity securities under an employee incentive scheme without the approval of the holders of its ordinary securities:

- 10.14.1 a director of the entity;
- 10.14.2 an associate of a director of the entity; or
- 10.14.3 a person whose relationship with the entity or a person referred to in Listing Rules 10.14.1 to 10.14.2 is such that, in ASX's opinion, the acquisition should be approved by security holders.

The issue of Related Party Securities falls within Listing Rule 10.14.1 and therefore requires the approval of Shareholders under Listing Rule 10.14.

Resolutions 5 to 7 seek the required Shareholder approval for the issue of the Related Party Securities under and for the purposes of Chapter 2E of the Corporations Act and Listing Rule 10.14.

5.4 Technical information required by Listing Rule 14.1A

If Resolutions 5 to 7 are passed, the Company will be able to proceed with the issue of the Related Party Securities to the Related Parties under the Incentive Plan within three years after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules). As approval pursuant to Listing Rule 7.1 is not required for the issue of the Related Party Securities (because approval is being obtained under Listing Rule 10.14), the issue of the Related Party Securities will not use up any of the Company's 15% annual placement capacity.

If Resolution 5 to 7 are not passed, the Company will not be able to proceed with the issue of the Related Party Securities and the Company will consider alternative means of remuneration for the Related Parties.

5.5 Technical Information required by Listing Rule 10.15 and section 219 of the Corporations Act

Pursuant to and in accordance with Listing Rule 10.15 and section 219 of the Corporations Act, the following information is provided in relation to Resolutions 5 to 7:

- (a) the Related Party Options will be issued to the following persons:
 - (i) Andrew Barclay (or their nominee) pursuant to Resolution 5; and
 - (ii) Peter Thomas (or their nominee) pursuant to Resolution 6.
- (b) the Related Party Performance Rights will be issued to Dickie Dique (or his nominee) pursuant to Resolution 7;
- (c) each of the Related Parties falls within the category set out in Listing Rule 10.14.1 by virtue of being a Director;
- (d) the maximum number of Related Party Options to be issued to the Related Parties (being the nature of the financial benefit proposed to be given) is 18 million comprising:

- (i) 9 million Related Party Options (on a pre Consolidation basis) to Andrew Barclay (or his nominee) pursuant to Resolution 5; and
 - (ii) 9 million Related Party Options (on a pre Consolidation basis) to Peter Thomas (or his nominee) pursuant to Resolution 6;
- (e) the maximum number of Related Party Performance Rights to be issued to the Related Parties (being the nature of the financial benefit proposed to be given) is 11 million Related Party Performance Rights (on a pre Consolidation basis) to Dickie Dique (or his nominee) pursuant to Resolution 7;
- (f) since the Incentive Plan was approved by Shareholders on 8 November 2018, the only persons (to whom ASX Listing Rule 10.14 applies) to be issued with Equity Securities under the Incentive Plan were:
 - (i) Mr Scott Criddle (a former Director), who was issued 1,216,667 Performance Rights which subsequently lapsed on 31 July 2020 for nil cash consideration; and
 - (ii) Mr Dickie Dique, who was issued 108,789 Performance Rights for nil cash consideration;
- (g) the maximum number of Equity Securities which the Company intends to issue under the Plan, in accordance with the terms on which the Plan was approved by Shareholders on 8 November 2018, between the date of this Notice and the Company's next annual general meeting is 90 million Equity Securities (on a pre Consolidation basis) (including the Related Party Securities for which approval is sought under Resolutions 5, 6 and 7). It is not envisaged that this maximum number will be issued immediately.
- (h) the terms and conditions of the Related Party Options are set out in Schedule 1;
- (i) the terms and conditions of the Related Party Performance Rights are set out in Schedule 2;
- (j) the Related Party Securities will be issued to the Related Parties no later than 3 years after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules) and it is anticipated the Related Party Options will be issued on one date;
- (k) the issue price of the Related Party Options and Related Party Performance Rights will be nil. The Company will not receive any other consideration in respect of the issue of the Related Party Securities (other than in respect of funds received on exercise of the Related Party Options);
- (l) the purpose of the issue of the Related Party Securities is to provide a performance linked incentive component in the remuneration package for the Related Parties to align the interests of the Related Parties with those of Shareholders, to motivate and reward the performance of the Related Parties in their roles as Directors and to provide a cost effective way for the Company to remunerate the Related Parties, which will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to the Related Parties;

- (m) the Related Party Securities are unquoted Securities. The Company has agreed to issue the Related Party Securities to the Related Parties subject to Shareholder approval for the following reasons:
- (i) the Related Party Securities are unquoted; therefore, the issue of the Related Party Securities has no immediate dilutionary impact on Shareholders;
 - (ii) the vesting criteria attaching to the Related Party Performance Rights will align the interests of the Related Parties with those of Shareholders;
 - (iii) the deferred taxation benefit which is available to the Related Parties in respect of an issue of Options is also beneficial to the Company as it means the Related Parties are not required to immediately sell the Related Party Options to fund a tax liability (as would be the case in an issue of Shares where the tax liability arises upon issue of the Shares) and will instead, continue to hold an interest in the Company; and
 - (iv) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Related Party Securities on the terms proposed;
- (n) the number of Related Party Securities to be issued to each of the Related Parties has been determined based upon a consideration of:
- (i) current market standards and/or practices of other ASX listed companies of a similar size and stage of development to the Company;
 - (ii) the remuneration of the Related Parties; and
 - (iii) incentives to attract and ensure continuity of service of the Related Parties who have appropriate knowledge and expertise, while maintaining the Company's cash reserves.

The Company does not consider that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Related Party Securities upon the terms proposed;

- (o) the total remuneration package for each of the Related Parties for the previous financial year and the proposed total remuneration package for the current financial year are set out below:

Related Party	Current Financial Year	Previous Financial Year
Andrew Barclay	\$119,167 ¹	-
Peter Thomas	\$341,660 ²	\$215,000 ⁴
Dickie Dique	\$650,000 ³	\$655,066 ⁵

Notes:

1. Comprising Directors' fees and superannuation payment.
2. Comprising consulting fees, Directors' fees and superannuation payment.

3. Comprising Directors' fees/salary, superannuation payment, a short-term incentive payment from prior year and an incentive security award.
 4. Comprising consulting fees.
 5. Comprising Directors' fees/salary, superannuation payment, a short-term incentive payment from prior year and an incentive security award.
- (p) a summary of the material terms and conditions of the Incentive Plan is set out in Schedule 3;
- (q) the value of the Related Party Securities and the pricing methodology is set out in Schedule 4;
- (r) the Related Party Securities are not being issued under an agreement;
- (s) no loans are being made to the Related Parties in connection with the acquisition of the Related Party Securities;
- (t) details of any Related Party Securities being issued under the Incentive Plan will be published in the annual report of the Company relating to the period in which they were issued, along with a statement that approval for the issue was obtained under Listing Rule 10.14;
- (u) any additional persons covered by Listing Rule 10.14 who become entitled to participate in an issue of Related Party Securities under the Incentive Plan after Resolutions 5 to 7 are approved and who were not named in this Notice will not participate until approval is obtained under Listing Rule 10.14;
- (v) the relevant interests of the Related Parties in securities of the Company as at the date of this Notice are set out below:

Related Party	Shares ¹	Options	Performance Rights ²
Andrew Barclay ¹	1,168,545	nil	nil
Peter Thomas	4,750,000	nil	nil
Dickie Dique ²	4,060,350	nil	108,789

Notes:

1. Andrew Barclay's relevant interest in securities is held indirectly through Sobrado Pty Ltd ATF Barclay Super Fund A/C.
 2. Dickie Dique's relevant interest in securities comprises an indirect interest (held by Anjet Projects Pty Ltd ATF The Dique Family and Anjet Projects Pty Ltd ATF The Lyndi Super Fund), Dickie Dique is a director and shareholder of Anjet Projects Pty Ltd and a beneficiary of The Dique Family Trust and the Lyndi Super Fund Trust.
 3. All numbers shown on a pre Consolidation basis.
- (w) if the Related Party Securities are issued to the Related Parties and are all exercised or converted into Shares (as applicable), a total of 29 million Shares would be issued. This will increase the number of Shares on issue from 1,287,363,944 (being the total number of Shares on issue as at the date of this Notice) to 1,316,363,944 (on a pre Consolidation basis) (assuming that no Shares are issued and no convertible securities vest or are exercised) with the effect that the shareholding of existing Shareholders would be diluted by an aggregate of 2.2%;

- (x) The market price for Shares during the term of the Related Party Options would normally determine whether the Related Party Options are exercised. If, at any time any of the Related Party Options are exercised and the Shares are trading on ASX at a price that is higher than the exercise price of the Related Party Options, there may be a perceived cost to the Company;
- (y) the trading history of the Shares on ASX in the 12 months before the date of this Notice is set out below:

	Price	Date
Highest	0.975	19 September 2019
		18 September 2019
Lowest	0.046	08 September 2020
		07 September 2020
		04 September 2020
Last	0.054	5 October 2020

Note: all Share price numbers shown on a pre Consolidation basis.

- (z) each Director has a material personal interest in the outcome of Resolutions 5 to 7 on the basis that all of the Directors (or their nominees) are to be issued Related Party Securities should Resolutions 5 to 7 be passed. For this reason, the Directors do not believe that it is appropriate to make a recommendation on Resolutions 5 to 7 of this Notice;
- (aa) the Board is not aware of any other information that is reasonably required by Shareholders to allow them to decide whether it is in the best interests of the Company to pass Resolutions 5 to 7; and
- (bb) a voting exclusion statement is included in Resolutions 5 to 7 of the Notice.

6. RESOLUTION 8 – CONSOLIDATION OF CAPITAL

6.1 Background

If Resolution 8 is passed and excluding any Securities issued pursuant to the other Resolutions, the number of:

- (a) Shares on issue will be reduced from 1,287,363,944 to 128,736,394 (subject to rounding); and
- (b) Performance Rights on issue will be reduced from 314,474 to 31,447 (subject to rounding).

6.2 Rationale for Consolidation

The Directors consider that by undertaking the Consolidation and reducing the number of Shares on issue, it will create a more efficient capital structure. The Company has a significant number of Shares on issue and the Board considers a share consolidation will provide the best platform for future growth and a capital structure that will result in a share price level that is more attractive to a wider range of investors. Further, the Consolidation will provide a reduction in share price

volatility as the minimum permissible share price movement permitted by the ASX will represent a smaller proportion of the Company's market capitalisation.

As the Consolidation will apply equally to all Shareholders, individual shareholdings will be reduced in the same ratio as the total number of Shares (subject only to rounding of fractions). The consolidation will have no material effect on the percentage interest in the Company of each Shareholder from a pre-consolidation basis to a post-consolidation basis.

6.3 Legal requirements

Section 254H of the Corporations Act provides that a company may, by resolution passed in a general meeting, convert all or any of its shares into a larger or smaller number.

6.4 Fractional entitlements

Not all Security Holders will hold that number of Shares or Performance Rights (as the case may be) which can be evenly divided by 10. Where a fractional entitlement occurs, the Company will round that fraction up to the nearest whole Security.

6.5 Taxation

It is not considered that any taxation implications will exist for Security holders arising from the Consolidation. However, Security holders are advised to seek their own tax advice on the effect of the Consolidation and neither the Company, nor its advisers, accept any responsibility for the individual taxation implications arising from the Consolidation.

6.6 Holding statements

From the date two Business Days after the Consolidation is approved by Shareholders, all holding statements for Securities will cease to have any effect, except as evidence of entitlement to a certain number of Securities on a post-Consolidation basis.

After the Consolidation becomes effective, the Company will arrange for new holding statements for Securities to be issued to holders of those Securities.

It is the responsibility of each Security Holder to check the number of Securities held prior to disposal or exercise (as the case may be).

6.7 Effect on capital structure

The effect which the Consolidation will have on the Company's capital structure is set out in the table below.

Capital Structure	Shares	Unlisted Options	Performance Rights³
Pre-Consolidation Securities	1,287,363,944	nil	314,474
Post 10:1 Consolidation of Securities (Resolution 8)	128,736,394	nil	31,447
Related Party Options to be issued to Directors (Resolution 5 and 6) ¹	nil	1,800,000	nil

Related Party Performance Rights to be issued to Directors (Resolution 7) ²	nil	nil	1,100,000
Completion of all Resolutions	128,736,394	1,800,000	1,131,447

Notes:

1. Pursuant to Resolutions 5 and 6, the Company proposes to issue an aggregate of 18 million Options to Messrs Barclay and Thomas on a pre-Consolidation basis (equating to 1.8 million Options on a post-Consolidation basis). Further information regarding the proposed issue of Related Party Options is set out in Section 5 of this Notice.
2. Pursuant to Resolution 7, the Company proposes to issue an aggregate of 11 million Performance Rights to Dickie Dique on a pre-Consolidation basis (equating to 1.1 million Performance Rights on a post-Consolidation basis). Further information regarding the proposed issue of Related Party Performance Rights is set out in Section 5 of this Notice.
3. The Company notes that 4,195,540 Performance Rights which were held by a former Director, Scott Criddle, lapsed on 31 July 2020 and no longer form part of the Company's issued capital structure.

The effect the Consolidation will have on the terms of the Options is as set out in the tables below:

Options – Pre Consolidation

The Company currently has no Options on issue.

Options – Post Consolidation

Terms	Number
Unquoted Options	
Options exercisable at 75 cents each by 31 October 2024	1,800,000
Total	1,800,000

6.8 Indicative timetable*

If this Resolution is passed, the reduction of capital will take effect in accordance with the following timetable (as set out in Appendix 7A (paragraph 8) of the Listing Rules):

Action	Date
Company announces Consolidation and sends out Notice of Meeting.	6 October 2020
Company tells ASX that Shareholders have approved the Consolidation.	4 November 2020
Effective date	5 November 2020
Last day for pre-Consolidation trading.	6 November 2020
Post-Consolidation trading starts on a deferred settlement basis.	9 November 2020
Record date; Last day for Company to register transfers on a pre-Consolidation basis.	10 November 2020

Action	Date
First day for the Company to register Securities on a post-Consolidation basis and first day for issue of holding statements.	11 November 2020
Change of details of holdings date. Deferred settlement market ends.	17 November 2020
Last day for Securities to be entered into holders' Security holdings.	
Last day for the Company to send notice to each holder of the change in their details of holdings.	

6.9 Failure to Approve Resolution 8

If Resolution 8 is not passed, the Company will not proceed with the Consolidation and the Company's securities will continue to trade on ASX on a pre-Consolidation basis.

6.10 Director Voting Intentions

The Directors intend to vote all of their Shares in favour of Resolution 8.

7. RESOLUTION 9 – REPLACEMENT OF CONSTITUTION

7.1 General

A company may modify or repeal its constitution or a provision of its constitution by special resolution of shareholders.

Resolution 9 is a special resolution which will enable the Company to repeal its existing Constitution and adopt a new constitution (**Proposed Constitution**) which is of the type required for a listed public company limited by shares updated to ensure it reflects the current provisions of the Corporations Act and Listing Rules.

This will incorporate amendments to the Corporations Act and Listing Rules since the current Constitution was adopted in 2012.

The Directors believe that it is preferable in the circumstances to replace the existing Constitution with the Proposed Constitution rather than to amend a multitude of specific provisions.

The Proposed Constitution is broadly consistent with the provisions of the existing Constitution. Many of the proposed changes are administrative or minor in nature including but not limited to:

- updating references to bodies or legislation which have been renamed (e.g. references to the Australian Settlement and Transfer Corporation Pty Ltd, ASTC Settlement Rules and ASTC Transfer); and
- expressly providing for statutory rights by mirroring these rights in provisions of the Proposed Constitution.

The Directors believe these amendments are not material nor will they have any significant impact on Shareholders. It is not practicable to list all of the changes to the Constitution in detail in this Explanatory Statement, however, a summary of the proposed material changes is set out below.

A copy of the Proposed Constitution is available for review by Shareholders at the Company's website www.decmil.com and at the office of the Company. A copy of the Proposed Constitution can also be sent to Shareholders upon request to the Company Secretary (+61 8 9208 8055). Shareholders are invited to contact the Company if they have any queries or concerns.

7.2 Summary of material proposed changes

Restricted Securities (clause 2.12)

The Proposed Constitution complies with the recent changes to Listing Rule 15.12 which took effect from 1 December 2019. As a result of these changes, ASX will require certain more significant holders of restricted securities and their controllers (such as related parties, promoters, substantial holders, service providers and their associates) to execute a formal escrow agreement in the form Appendix 9A, as is currently the case. However, for less significant holdings (such as non-related parties and non-promoters), ASX will permit the Company to issue restriction notices to holders of restricted securities in the form of the new Appendix 9C advising them of the restriction rather than requiring signed restriction agreements.

Minimum Shareholding (clause 3)

Clause 3 of the Constitution outlines how the Company can manage shareholdings which represent an "unmarketable parcel" of shares, being a shareholding that is less than \$500 based on the closing price of the Company's Shares on ASX as at the relevant time.

The Proposed Constitution is in line with the requirements for dealing with "unmarketable parcels" outlined in the Corporations Act such that where the Company elects to undertake a sale of unmarketable parcels, the Company is only required to give one notice to holders of an unmarketable parcel to elect to retain their shareholding before the unmarketable parcel can be dealt with by the Company, saving time and administrative costs incurred by otherwise having to send out additional notices.

Clause 3 of the Proposed Constitution continues to outline in detail the process that the Company must follow for dealing with unmarketable parcels.

Fee for registration of off market transfers (clause 8.4(c))

On 24 January 2011, ASX amended Listing Rule 8.14 with the effect that the Company may now charge a "reasonable fee" for registering paper-based transfers, sometimes referred to "off-market transfers".

Clause 8.4 of the Proposed Constitution is being made to enable the Company to charge a reasonable fee when it is required to register off-market transfers from Shareholders. The fee is intended to represent the cost incurred by the Company in upgrading its fraud detection practices specific to off-market transfers.

Before charging any fee, the Company is required to notify ASX of the fee to be charged and provide sufficient information to enable ASX to assess the reasonableness of the proposed amount.

Direct Voting (clause 13, specifically clauses 13.35 – 13.40)

The Proposed Constitution includes a new provision which allows Shareholders to exercise their voting rights through direct voting (in addition to exercising their

existing rights to appoint a proxy). Direct voting is a mechanism by which Shareholders can vote directly on resolutions which are to be determined by poll. Votes cast by direct vote by a Shareholder are taken to have been cast on the poll as if the Shareholder had cast the votes on the poll at the meeting. In order for direct voting to be available, Directors must elect that votes can be cast via direct vote for all or any resolutions and determine the manner appropriate for the casting of direct votes. If such a determination is made by the Directors, the notice of meeting will include information on the application of direct voting.

Dividends (clause 22)

Section 254T of the Corporations Act was amended effective 28 June 2010.

There is now a three-tiered test that a company will need to satisfy before paying a dividend replacing the previous test that dividends may only be paid out of profits.

The amended requirements provide that a company must not pay a dividend unless:

- (a) the company's assets exceed its liabilities immediately before the dividend is declared and the excess is sufficient for the payment of the dividend;
- (b) the payment of the dividend is fair and reasonable to the company's shareholders as a whole; and
- (c) the payment of the dividend does not materially prejudice the company's ability to pay its creditors.

The existing Constitution reflects the former profits test and restricts the dividends to be paid only out of the profits of the Company. The Proposed Constitution is updated to reflect the new requirements of the Corporations Act. The Directors consider it appropriate to update the Constitution for this amendment to allow more flexibility in the payment of dividends in the future should the Company be in a position to pay dividends.

Partial (proportional) takeover provisions (new clause 36)

A proportional takeover bid is a takeover bid where the offer made to each shareholder is only for a proportion of that shareholder's shares.

Pursuant to section 648G of the Corporations Act, the Company has included in the Proposed Constitution a provision whereby a proportional takeover bid for Shares may only proceed after the bid has been approved by a meeting of Shareholders held in accordance with the terms set out in the Corporations Act.

This clause of the Proposed Constitution will cease to have effect on the third anniversary of the date of the adoption of last renewal of the clause.

Information required by section 648G of the Corporations Act

Effect of proposed proportional takeover provisions

Where offers have been made under a proportional off-market bid in respect of a class of securities in a company, the registration of a transfer giving effect to a contract resulting from the acceptance of an offer made under such a

proportional off-market bid is prohibited unless and until a resolution to approve the proportional off-market bid is passed.

Reasons for proportional takeover provisions

A proportional takeover bid may result in control of the Company changing without Shareholders having the opportunity to dispose of all their Shares. By making a partial bid, a bidder can obtain practical control of the Company by acquiring less than a majority interest. Shareholders are exposed to the risk of being left as a minority in the Company and the risk of the bidder being able to acquire control of the Company without payment of an adequate control premium. These amended provisions allow Shareholders to decide whether a proportional takeover bid is acceptable in principle, and assist in ensuring that any partial bid is appropriately priced.

Knowledge of any acquisition proposals

As at the date of this Notice of Meeting, no Director is aware of any proposal by any person to acquire, or to increase the extent of, a substantial interest in the Company.

Potential advantages and disadvantages of proportional takeover provisions

The Directors consider that the proportional takeover provisions have no potential advantages or disadvantages for them and that they remain free to make a recommendation on whether an offer under a proportional takeover bid should be accepted.

The potential advantages of the proportional takeover provisions for Shareholders include:

- (a) the right to decide by majority vote whether an offer under a proportional takeover bid should proceed;
- (b) assisting in preventing Shareholders from being locked in as a minority;
- (d) increasing the bargaining power of Shareholders which may assist in ensuring that any proportional takeover bid is adequately priced; and
- (e) each individual Shareholder may better assess the likely outcome of the proportional takeover bid by knowing the view of the majority of Shareholders which may assist in deciding whether to accept or reject an offer under the takeover bid.

The potential disadvantages of the proportional takeover provisions for Shareholders include:

- (a) proportional takeover bids may be discouraged;
- (b) lost opportunity to sell a portion of their Shares at a premium; and
- (c) the likelihood of a proportional takeover bid succeeding may be reduced.

Recommendation of the Board

The Directors do not believe the potential disadvantages outweigh the potential advantages of adopting the proportional takeover provisions and as a result

consider that the proportional takeover provision in the Proposed Constitution is in the interest of Shareholders and unanimously recommend that Shareholders vote in favour of Resolution 9.

GLOSSARY

\$ means Australian dollars.

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

ANREO means accelerated non-renounceable entitlement issue.

ASIC means the Australian Securities & Investments Commission.

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

Board means the current board of directors of the Company.

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

Chair means the chair of the Meeting.

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

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

Company means Decmil Group Limited (ACN 111 210 390).

Consolidation means the consolidation of the Company's issued capital on a 10:1 basis, for which Shareholder approval is sought pursuant to Resolution 8.

Constitution means the Company's constitution.

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

Directors means the current directors of the Company.

Equity Securities includes a Share, a right to a Share or Option, an Option, a convertible security and any security that ASX decides to classify as an Equity Security.

Explanatory Statement means the explanatory statement accompanying the Notice.

Incentive Plan means the employee incentive plan titled "Incentive Plan Rules 2018" adopted by Shareholders at the 2018 annual general meeting.

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

Listing Rules means the Listing Rules of ASX.

Managing Director means the managing director of the Company who may, in accordance with the Listing Rules, continue to hold office indefinitely without being re-elected to the office.

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

Offer Management Agreement has the meaning given in the section 9.22 of the Prospectus.

Option means an option to acquire a Share.

Optionholder means a holder of an Option.

Prospectus means the prospectus lodged in relation to the ANREO on 28 May 2020.

Proxy Form means the proxy form accompanying the Notice.

Remuneration Report means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 30 June 2020.

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

Section means a section of the Explanatory Statement.

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

Shareholder means a registered holder of a Share.

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

SCHEDULE 1 – TERMS AND CONDITIONS OF RELATED PARTY OPTIONS

(a) **Entitlement**

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

(b) **Exercise Price**

Subject to paragraph (i), the amount payable upon exercise of each Option will be 7.5 cents (on a pre Consolidation basis) (**Exercise Price**).

(c) **Expiry Date**

Each Option will expire at 5:00 pm (WST) on 31 October 2024 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

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

(e) **Notice of Exercise**

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

(f) **Exercise Date**

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

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

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

- (i) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being

ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) **Shares issued on exercise**

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

(i) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(j) **Participation in new issues**

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

(k) **Change in exercise price**

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

(l) **Transferability**

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

SCHEDULE 2 – TERMS AND CONDITIONS OF RELATED PARTY PERFORMANCE RIGHTS

The terms and conditions of the Performance Rights to be issued to Dickie Dique are as follows:

- (a) **(Vesting Criteria)** The Performance Rights shall vest according to the following criteria:

Number of Performance Rights (on a pre-Consolidation basis)	Vesting Criteria	Vesting Period ¹
2,200,000 Performance Rights	Vesting subject to continuous service of employment by the holder. This portion will vest in full three (3) years after the financial year of which the grant of the Performance Rights is made.	Automatically vesting subject to continued service of holder
2,200,000 Performance Rights	Vesting subject to the average closing price of Shares over any consecutive 30 trading days exceeding \$0.08 per Share (on a pre Consolidation basis).	3 years from 1 July 2020
3,300,000 Performance Rights	Vesting subject to the average closing price of Shares over any consecutive 30 trading days exceeding \$0.12 per Share (on a pre Consolidation basis).	3 years from 1 July 2020
3,300,000 Performance Rights	Vesting subject to the average closing price of Shares over any consecutive 30 trading days exceeding \$0.16 per Share (on a pre Consolidation basis).	3 years from 1 July 2020

Notes:

1. The related party must be employed at 30 June 2023 for any Performance Rights to vest.
- (b) **(No voting rights)** A Performance Right does not entitle the Holder to vote on any resolutions proposed by the Company except as otherwise required by law.
- (c) **(No dividend rights)** A Performance Right does not entitle the Holder to any dividends.
- (d) **(No rights to return of capital)** A Performance Right does not entitle the Holder to a return of capital, whether in a winding up, upon a reduction of capital or otherwise.
- (e) **(Rights on winding up)** A Performance Right does not entitle the Holder to participate in the surplus profits or assets of the Company upon winding up.
- (f) **(Not transferable)** A Performance Right is not transferable.

- (g) **(Reorganisation of capital)** If at any time the issued capital of the Company is reconstructed, all rights of a Holder will be changed to the extent necessary to comply with the applicable ASX Listing Rules at the time of reorganisation.
- (h) **(Application to ASX)** The Performance Rights will not be quoted on ASX. However, if the Company is listed on ASX at the time of conversion of the Performance Rights into fully paid ordinary shares (**Shares**), the Company must within 10 Business Days apply for the official quotation of the Shares arising from the conversion on ASX. Any amendment to the terms of these Performance Rights as required by ASX will be deemed to be incorporated in these terms.
- (i) **(Participation in entitlements and bonus issues)** A Performance Right does not entitle a Holder (in their capacity as a holder of a Performance Right) to participate in new issues of capital offered to holders of Shares such as bonus issues and entitlement issues.
- (j) **(No other rights)** A Performance Rights gives the Holder no rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.
- (k) **(Conversion on achievement of Vesting Criteria)** Subject to the terms of the Incentive Plan, a Performance Right in the relevant class will convert into one Share upon achievement of the applicable Vesting Criteria under paragraph (a).
- (l) **(Lapse if Vesting Criteria not achieved)** If the relevant Vesting Criteria is not achieved by the expiry of the relevant of the Vesting Period, then each Performance Right in the relevant class will automatically lapse.
- (m) **(Conversion procedure)** The Company will issue the Holder with a new holding statement for any Share issued upon conversion of a Performance Right within 10 Business Days following the conversion.
- (n) **(Ranking upon conversion)** The Share into which a Performance Right may convert will rank pari passu in all respects with existing Shares.
- (o) **(ASX approval)** The terms of these Performance Rights are subject to ASX approval. In the event that ASX does not approve the terms of these Performance Rights, the Vesting Criteria will be varied to the extent required to obtain the necessary ASX approval.

SCHEDULE 3 – SUMMARY OF INCENTIVE PLAN 2018

The key terms of the Incentive Plan Rules 2018 are as follows:

- (a) **Eligibility:** Participants of the Plan are employees of the Group including a Director employed in an executive capacity, or any other person who is declared by the Board to be eligible to receive a grant of incentive securities under the Plan (Participants). Eligible Employees may nominate an associate to be granted Incentive Securities on their behalf.
- (b) **Administration of Plan:** The Board is responsible for the operation of the Plan and has a broad discretion in exercising powers under the Plan.
- (c) **Securities that can be issued:** The Board may resolve to issue any one or more of:
 - (i) performance rights;
 - (ii) options, and
 - (iii) restricted shares,(collectively, referred to as **Incentive Securities**),
under the terms of the Plan and/or any additional or alternate terms as the Board determines and as set out in the offer to the Participant.
- (d) **Offer:** The Board may make an offer to a Participant to participate in the Plan. The offer will contain information including:
 - (i) the type and number of Incentive Securities being offered;
 - (ii) the issue price for the Incentive Securities (Issue Price) or the manner in which the Issue Price is to be calculated;
 - (iii) any vesting conditions and vesting period applying to the Incentive Securities;
 - (iv) the circumstances in which the Incentive Securities will lapse and the circumstances in which they may be forfeited;
 - (v) how the Incentive Securities may be treated in the event that the Participant ceases employment with the Group;
 - (vi) any restrictions on dealings with the Incentive Securities;
 - (vii) any circumstances in which a Participant's entitlement to Incentive Securities may be reduced or extinguished;
 - (viii) how the offer is to be accepted; and
 - (ix) specify any other terms and conditions attaching to the Incentive Securities.
- (e) **Issue Price:** the Issue Price of the Incentive Securities issued under the Plan shall be determined by the Board in its absolute discretion.

- (f) **Plan limit:** The Company must take reasonable steps to ensure that the number of Incentive Securities offered by the Company under the Plan when aggregated with:
- (i) the number of Incentive Securities issued during the previous 3 years under the Plan (or any other employee share plan extended only to Eligible Employees); and
 - (ii) the number of securities in the Company that would be issued if each outstanding offer for securities (including options to acquire unissued Shares) under any employee incentive scheme of the Company were to be exercised or accepted,
- does not exceed 5% of the total number of Shares on issue at the time of an offer (but disregarding any offer of Shares or option to acquire Shares that can be disregarded in accordance with relevant ASIC Class Orders).
- (g) **Preventing Inappropriate Benefits:** The Board may determine that any Incentive Security (whether vested or unvested) will lapse or be forfeited (as the case may be) and/or the Participant be required to pay or repay proceeds for sale of Incentive Securities, if the Participant acted fraudulently or dishonestly, engaged in gross misconduct, done an act which has brought the Group into disrepute, breached their duties or obligations to the Group or is convicted of an offence or has a judgement entered against them in connection with the affairs of the Group.
- (h) **Restriction on transfer:** Participants may not sell or otherwise deal with an Incentive Security until any restriction conditions in relation to the Shares have been satisfied or waived. The Company is authorised to impose a holding lock on the Shares to implement this restriction.
- (i) **Dividends and Other Rights of Shares:** Subject to the terms of any trust deed or Offer, a Participant is entitled to receive all dividends and other distributions or benefits payable to the Participant or to the Trustee in respect of the Shares.
- (j) **Rights attaching to Shares:** Each Share that is issued on exercise of an Option or vesting of a Performance Right shall be issued on the same terms from the issue date except for entitlements and conditions as the Company's issued Shares (other than in respect to transfer restrictions imposed by the Plan) and it will rank equally with all other issued Shares which have a record date before the issue date.
- (k) **Cessation of Employment:** The Board may specify in the Offer how the Incentive Securities will be treated on the cessation of employment which may include the Incentive Securities lapsing, being forfeited, vesting, becoming exercisable for a prescribed term or being no longer subject to some of the restrictions.
- (l) **Change of Control of the Company:** Where there is a takeover bid for the Shares in the Company or another transaction, event or state of affairs that in the Board's opinion is likely to result in a change in the control of the Company (Change of Control), the Board may determine in its absolute discretion that a Participant's unvested Incentive Securities vest or become unrestricted. Unless the Board determines otherwise, any unvested options will be exercisable for a period specified by the Board and otherwise will lapse and any restrictions imposed on vested Incentive Securities will cease to have effect.
- (m) **Reorganisation and Power to Adjust Incentive Securities:** If at any time, the issued capital of the Company is reorganised (including consolidation, subdivision,

reduction of capital or return), all rights of a holder of an Incentive Security are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of reorganisation. Subject to applicable laws, prior to allocation of Shares to a Participant upon vesting of Performance Rights or exercise of Options, the Board may grant additional Rights or Options or make any adjustments it considers appropriate to the terms of a Right and/or Option granted to that Participant in order to minimise or eliminate any material advantage or disadvantage to a Participant resulting from a corporate action by, or capital reconstruction in relation to, the Company including but not limited to any return of capital.

- (n) **Amendment of Plan:** the Board may at any time by resolution amend the terms or conditions of any Incentive Security or suspend or terminate the Plan. Without the consent of the Participant, the Board may not exercise its powers in a manner which reduces the rights of a Participant in respect of any Incentive Security already granted other than an amendment:
- (i) for the purposes of complying with or confirming to present or future laws governing or regulating the maintenance or operation of the plan or similar plans, in any jurisdiction in which invitations under the Plan have been made;
 - (ii) to correct any manifest error or mistake; or
 - (iii) to take into consideration possible adverse tax implications in respect of the Plan arising from, amongst others, adverse ruling from the Commissioner of Taxation, changes to tax legislation and/or changes in the interpretation of tax legislation by a court of competent jurisdiction or the Commissioner of Taxation.

The Board may waive, amend or replace any vesting condition attaching to an Incentive Security if the Board determines that the original vesting condition is no longer appropriate or applicable provided that the interests of the relevant Participant are not, in the opinion of the Board, materially prejudiced or disadvantaged relative to the position reasonably anticipated at the time of the grant.

SCHEDULE 4 – VALUATION OF RELATED PARTY SECURITIES

The valuation of Related Party Securities to be issued to the Related Parties pursuant to Resolutions 5 to 7 have been prepared by an independent third party.

Related Party Options

Using a Binomial option pricing model and based on the assumptions set out below, the Related Party Options were ascribed the following value:

Assumptions:	
Valuation date	24 September 2020
Market price of Shares	5.7 cents
Exercise price	7.5 cents
Expiry date (length of time from issue)	31 October 2024
Risk free interest rate	0.35%
Volatility (discount)	35%
Indicative value per Related Party Options	1.1 cent per option
Total Value of Related Party Options	\$198,000

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

Related Party Performance Rights

Using a combination of the Binomial and Barrier option pricing models and based on the assumptions set out below, the Related Party Performance Rights were ascribed the following value:

Assumptions:	
Valuation date	24 September 2020
Market price of Shares	5.7 cents
Exercise price	N/A
Expiry date (length of time from issue)	30 June 2023
Risk free interest rate	0.2%
Volatility (discount)	35%
Indicative value per Related Party Performance Rights	2.5 cents per performance right
Total Value of Related Party Options	\$275,000



Decmil Group Limited
ABN 35 111 210 390

Need assistance?



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



Online:
www.investorcentre.com/contact



YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **10:00 AM (AWST) on Monday, 2 November 2020.**

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.

PARTICIPATING IN THE MEETING

Corporate Representative

If a representative of a corporate securityholder or proxy is to participate in the meeting you will need to provide the appropriate "Appointment of Corporate Representative". A form may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Lodge your Proxy Form:

XX

Online:

Lodge your vote online at 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: 184355
SRN/HIN:

For Intermediary Online subscribers (custodians) go to 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.

☐ **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.

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 Decmil Group 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 Decmil Group Limited to be held at 20 Parkland Road, Osborne Park, WA 6017 on Wednesday, 4 November 2020 at 10:00 AM (AWST) 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 and 5 - 7 (except where I/we have indicated a different voting intention in step 2) even though Items 1 and 5 - 7 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 and 5 - 7 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
1 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Election of Director – Andrew Barclay	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Election of Director – Peter Thomas	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Ratification of prior issue of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Issue of Options to Director – Andrew Barclay	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6 Issue of Options to Director – Peter Thomas	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7 Issue of Performance Rights to Director – Dickie Dique	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8 Consolidation of Capital	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9 Replacement of Constitution	<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

DCG

2 6 8 0 5 8 A



Computershare

