

Notice of Extraordinary General Meeting

SomnoMed Limited ACN 003 255 221
(the **Company**)

Notice is given that an Extraordinary General Meeting (**EGM**) of the Company will be held at Level 1, 111 Harrington Street, Sydney, NSW 2000 at 9.00am on 3rd June 2021 for the purpose of transacting the business set out in this Notice.

BUSINESS

1 Increase in Remuneration Limit for Non-Executive Directors

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

That, for the purposes of rule 13.3 of the constitution of the Company, ASX Listing Rule 10.17 and all other purposes, the aggregate maximum remuneration that may be paid to the non-executive directors of the Company as a whole be increased by \$250,000 per annum from \$250,000 per annum to \$500,000 per annum.

2 New Employee Share Option Plan and Non-Executive Share Option Plan

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

*That a proposed new Employee Share Option Plan and Non-Executive Share Option Plan, the rules of which are summarised in section 2.2 of the Explanatory Notes to this Notice of EGM be **approved** for all purposes, including as set out in the Explanatory Notes to this Notice of EGM:*

- (i) for the purpose of section 260C(4) of the Corporations Act;*
- (ii) for the purpose of section 259B(2) of the Corporations Act;*
- (iii) for the purpose of ASX Listing Rule 7.2 Exception 13 as an exception to ASX Listing Rule 7.1 and 7.1A; and*
- (iv) for the purposes of sections 200B and 200E of the Corporations Act.*

3 Issue of Options under the Employee Share Option Plan to Mr Neil Verdal-Austin

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

That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, the issue of 910,000 Options to Mr Neil Verdal-Austin under the Employee Share Option Plan on the terms described in the Explanatory Notes to this Notice of EGM, is approved.

4 Issue of Options under the Non-Executive Share Option Plan to Mr Guy Russo

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

That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, the issue of 370,000 Options to Mr Guy Russo under the Non-Executive Share Option Plan on the terms described in the Explanatory Notes to this Notice of EGM, is approved.

5 Issue of Options under the Non-Executive Share Option Plan to Mr Hamish Corlett

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

That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, the issue of 185,000 Options to Mr Hamish Corlett under the Non-Executive Share Option Plan on the terms described in the Explanatory Notes to this Notice of EGM, is approved.

6 Issue of Options under the Non-Executive Share Option Plan to Ms Amrita Blickstead

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

That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, the issue of 185,000 Options to Ms Amrita Blickstead under the Non-Executive Share Option Plan on the terms described in the Explanatory Notes to this Notice of EGM, is approved.

7 Issue of Options under the Non-Executive Share Option Plan to Mr Michael Gordon

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

That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, the issue of 185,000 Options to Mr Michael Gordon under the Non-Executive Share Option Plan on the terms described in the Explanatory Notes to this Notice of EGM, is approved.

8 Issue of Options under the Non-Executive Share Option Plan to Mr Hilton Brett

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

That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, the issue of 185,000 Options to Mr Hilton Brett under the Non-Executive Share Option Plan on the terms described in the Explanatory Notes to this Notice of EGM, is approved.

9 Issue of Options under the Non-Executive Share Option Plan to Ms Karen Borg

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

That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, the issue of 185,000 Options to Ms Karen Borg under the Non-Executive Share Option Plan on the terms described in the Explanatory Notes to this Notice of EGM, is approved.

Appointment of Proxy

- (a) A member who is unable to attend and vote at the meeting may appoint a proxy by completing and returning the attached proxy form in the manner provided below. The proxy need not be a member of the Company.
- (b) If a member wishes to appoint a proxy, and is entitled to cast 2 or more votes, then the member may appoint 2 proxies, and may specify the proportion or number of votes each proxy may cast.
- (c) A proxy form (and the power of attorney (if any) under which it is signed) must be received at the registered office of the Company not less than 48 hours before the time of the holding of the meeting:
 - By hand: Boardroom Pty Limited – Level 12 Grosvenor Place, 225 George Street, Sydney NSW 2000

- By mail: Boardroom Pty Limited – GPO Box 3993, Sydney NSW, 2001
- By facsimile: (02) 9290 9655

Corporate Representatives

Corporate members must either:

- appoint a proxy as set out above; or
- appoint a body corporate representative in accordance with the Corporations Act.

The appointment of a body corporate representative must be produced at the meeting.

Entitlement to Vote

For the purpose of the meeting, those members holding shares at 7pm on 1st June 2021 will be voting members at the meeting.

Further Information

This notice should be read in conjunction with the Explanatory Notes.

By the Order of the Board of Directors.

A handwritten signature in black ink, consisting of a stylized 'T' and 'A' followed by a long horizontal line extending to the right.

T. A. Flitcroft
Company Secretary
Dated: 22 April 2021

Explanatory Notes to Notice of EGM

1 Increase in Remuneration Limit for Non-Executive Directors

1.1 Approval sought

The current maximum annual aggregate amount of remuneration for non-executive directors (**NED Remuneration Limit**) is \$250,000. Approval is sought to increase the NED Remuneration Limit by \$250,000 per annum to \$500,000 per annum. No securities that have been issued to any of the non-executive directors referred to in this Notice of Meeting under ASX Listing Rule 10.11 or 10.14 with the approval of shareholders within the previous 3 years.

It is also noted that, subject to obtaining shareholder approval, Options under the Non-Executive Share Option Plan are proposed to be issued to the non-executive directors as detailed in this Explanatory Note.

1.2 Voting exclusion statement

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

- (a) a director of the Company; and
- (b) an associate of any person referred to in paragraph (a).

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

2 New Employee Share Option Plan and Non-Executive Share Option Plan

2.1 Background

The Company proposes to introduce a long-term incentive (**LTI**) plan for employees and non-executives, respectively, being the Employee Share Option Plan and the Non-Executive Share Option Plan (the **Plans**). The object of the new Plans is to incentivise and align the interests of the Board and management with those of shareholders.

The Company will no longer grant any additional rights under the existing Employee Share Trust (**EST**), which had been used by the Company to deliver LTI for employees. The EST will be run off over the next 5 years with vesting of any outstanding units in the EST to be tested and administered in accordance with the terms of that scheme.

The Employee Share Option Plan will be available for eligible employees and executive directors of the Company. The Non-Executive Share Option Plan will be available for eligible non-executive directors and other contractors or consultants of the Company. The key terms of both Plans are summarised in section 2.2 of these Explanatory Notes.

2.2 Summary of key terms of both Plans

Term	Employee Share Option Plan	Non-Executive Share Option Plan
Eligibility	The Board may, in its discretion, determine the employees or executive directors of the Company or its subsidiaries that will be eligible to participate in the Employee Share Option Plan.	The Board may, in its discretion, determine the non-executive directors, consultants or contractors of the Company or its subsidiaries that will be eligible to participate in the Non-Executive Share Option Plan.
Offer	The Board may make an Offer to eligible participants on such terms and conditions as the Board decides from time to time.	
Loans	The Board may offer a loan to an eligible participant to fund payment of: <ul style="list-style-type: none"> • any amount payable on acquisition of the Options; and/or • any amount payable on exercise of the Options. 	
Vesting Conditions	Any Vesting Conditions applicable to the Options will be specified in the Offer.	
Vesting	Each Option, once vested, will give the relevant participant the right to exercise the Option and to receive an Ordinary Share in the Company. In certain circumstances, the Board may decide to waive any of the vesting conditions applicable to the Options, including: <ul style="list-style-type: none"> • where the participant becomes a Leaver (ie ceases their employment, engagement or appointment with the Company or a subsidiary of the Company) as a result of the participant's death, Permanent Incapacity or Retirement; • in any other circumstances determined by the Board in its absolute discretion; or • on a Change of Control occurring, provided that any specific conditions set by an Offer are met. 	
Exercise	Vested Options may be exercised by paying the exercise price (if any) for the Option. As an alternative to paying the exercise price, the Board may permit a participant to exercise their Options through a cashless exercise mechanism, which sets off the exercise price against Options of equivalent value held by the participant.	
Lapse of an Option	Options will lapse on the earlier of: <ul style="list-style-type: none"> • the participant becoming a Leaver in certain circumstances; • following satisfaction of any Forfeiture Conditions specified in a participant's Offer, or on a Default Event (which includes a participant resigning, committing fraud or breaching their duties, among other acts), if the Board determines that the Options will lapse; • if any Vesting Conditions are not achieved by the relevant time; • if the Board determines that Vesting Conditions have not been met and cannot reasonably be met before the Expiry Date; and • the Expiry Date as specified in an Offer. 	
Shares	Shares issued on exercise of Options will rank in all respects <i>pari passu</i> with ordinary shares in the Company.	

Term	Employee Share Option Plan	Non-Executive Share Option Plan
Participation Rights / Reorganisation	Options do not confer a right for a participant to participate in new issues of shares or other securities in the Company, including by way of bonus issues, rights issues or otherwise. If the issued capital of the Company is reorganised, the number of shares to be delivered in respect of each Option or the amount payable, if any, by a participant in respect of shares to be delivered to a participant will be reorganised in accordance with the ASX Listing Rules as applicable to the Options at the time of the reorganisation.	

2.3 Approval sought

Shareholder approval by ordinary resolution is sought for the implementation of the Employee Share Option Plan and the Non-Executive Share Option Plan (as applicable) in compliance with the following laws and regulations.

- (a) Exemption for financial assistance: Section 260C(4) of the Corporations Act requires shareholder approval by ordinary resolution in order to access the special exemption from the prohibition on a company financially assisting the acquisition of shares in itself under section 260A of the Corporations Act. In this case, the proposed loan(s) to participants under the Employee Share Option Plan constitutes financial assistance, which is exempt from the prohibition where the assistance is given under an employee share scheme that has been approved at a general meeting of the company.
- (b) Exemption for security over own shares: Section 259B(2) of the Corporations Act requires shareholder approval by ordinary resolution in order to access the exemption from the prohibition on a company taking security over shares in itself under section 259B(1) of the Corporations Act. In this case, the proposed loan(s) under the Employee Share Option Plan constitutes such a security, which is exempt from the prohibition where the security is taken under an employee share scheme that has been approved at a general meeting of the company.
- (c) Exemption under ASX Listing Rule 7.1 and 7.1A: ASX Listing Rule 7.1 requires shareholder approval by ordinary resolution for an issue of equity securities if, over a 12 month period, the amount of equity securities issued is more than 15% of the number of ordinary shares on issue at the start of that 12 month period. ASX Listing Rule 7.1A allows an eligible entity an additional 10% capacity to issue shares if approved by special resolution passed at an annual general meeting. ASX Listing Rule 7.2 Exception 13 provides that an issue under an employee incentive scheme is exempt from the operation of ASX Listing Rule 7.1 and 7.1A if shareholders approve the issue of securities no more than three years before the date of issue.

ASX Listing Rule 7.1 Exception 13 also requires shareholders to be informed of:

- (i) the number of securities issued under the relevant employee incentive scheme since the date of the last approval: the Plans have not yet been approved and therefore no securities have been issued. For completeness, the Board notes that there are currently 4,806,768 shares held by the EST under the Company's current LTI.
 - (ii) the maximum number of securities proposed to be issued under the relevant employee incentive scheme following the approval: 6.4 million Options, though the actual number is expected to be lower than this maximum figure dependent on the value of an Ordinary Share in the Company at the time of grant.
- (d) Exemption for retirement benefits: Section 200B of the Corporations Act requires shareholder approval by ordinary resolution, and in accordance with the special provisions of section 200E of the Corporations Act, in order to access the exemption from the prohibition on a company giving a person a benefit in connection with that person's retirement from an office or position of employment in that company where that person is, or was in the three years prior to their

retirement, in a managerial or executive office in that company. Section 200E(2) requires that the details of the benefit, the manner of calculation of the value of that benefit, and any relevant factors likely to affect that value be set out in this Explanatory Note.

The value of the termination benefits that the Board may give under the Employee Share Option Plan cannot be determined in advance. The value of the benefit will be calculated by reference to:

- (i) the number of Options that remain unvested at the time of the Participant's retirement which are determined by the Board to be vested in exercise of its discretion;

multiplied by,

- (ii) the Company's share price at the time of a participant's retirement, less the exercise price and loan repayable in respect of those Options.

The Board regards the above exemption as appropriate to the implementation of the Employee Share Option Plan.

2.4 Voting exclusion statement

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

- (a) any person who is eligible to participate in the Plans; and
- (b) an associate of any person referred to in paragraph (a).

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

3 Issue of Options under the Employee Share Option Plan to Mr Neil Verdal-Austin

3.1 Background

The Company proposes, subject to obtaining Shareholder approval, to issue 910,000 Options to Mr Neil Verdal-Austin (or his nominee) under the Employee Share Option Plan and on the terms and conditions set out below.

3.2 Approval sought

Under ASX Listing Rule 10.14, Shareholder approval is required in order for a Director to be issued securities under an employee incentive scheme.

If Shareholder approval is obtained under ASX Listing Rule 10.14, the issue of such Options to Mr Neil Verdal-Austin will not count towards the Company's capacity to issue equity securities under Listing Rule 7.1 and 7.1A.

Accordingly, approval is sought for the issue of 910,000 Options under the Employee Share Option Plan. For the purposes of Listing Rule 10.15, the key terms of the offer are detailed below. This proposed grant is conditional on receiving Shareholder approval. This resolution is an ordinary resolution, which requires a simple majority of votes cast by Shareholders.

The Company has determined that the proposed grant of Options (and related loans) under the Employee Share Option Plan as part of Mr Neil Verdal-Austin's remuneration package will constitute the giving of reasonable remuneration for the purposes of section 211 of the Corporations Act.

3.3 ASX Listing Rule 10.15

ASX Listing Rule 10.15 contains requirements for the content of a notice of meeting sent to Shareholders for the purposes of ASX Listing Rule 10.14 and the following information is set out for that purpose:

Listing Rule	Information required
10.15.1 – The name of the person.	Mr Neil Verdal-Austin or his nominee.
10.15.2 – Which category in rules 10.14.1 to 1.04.3 the person falls within and why.	Mr Neil Verdal-Austin is a Director and is therefore a related party under 10.14.1.
10.15.3 – The number and class of securities proposed to be issued to the person.	The maximum number of Options to be issued is 910,000.
10.15.4 – Details of the director's current total remuneration package.	The current total remuneration package for Mr Neil Verdal-Austin is \$480,000. If the Options are issued, the total remuneration package of Mr Neil Verdal-Austin will increase by approximately \$89,421.68 per annum, being the total value of the Options on a per annum basis over the total vesting period of 5 years from the date of issue (which is determined using a an appropriate option valuation methodology (ie, Black-Scholes) as at the date of this Notice of Meeting and may be subject to change depending of the value of an ordinary share in the Company as at the date of grant).
10.15.5 – The number of securities previously issued to the person under the scheme and the average acquisition price (if any) paid for those securities.	As the Employee Share Option Plan has not yet been approved by Shareholders, no Options have been issued to Mr Neil Verdal-Austin. For completeness, we note that Mr Neil Verdal-Austin holds 1,395,000 shares in the Company under the EST, acquired at an average acquisition price of \$1.64 per share.
10.15.6 – A summary of the material terms of the securities, an explanation of why that type of security is being used and the value the entity attributes to that security and its basis.	Refer to section 3.4 below for a summary of the material terms of the Options.
10.15.7 – The date or dates on or by which the entity will issue the securities to the person under the scheme.	The Options will be issued to Mr Neil Verdal-Austin within 1 month from the date of the Shareholder's meeting approving the Option issue.
10.15.8 – The price at which the entity will issue the securities to the person under the scheme.	Each Option will be issued to Mr Neil Verdal-Austin (and/or his nominee) with an issue price of \$0.1540. Each Option will have an exercise price of \$2.00.

Listing Rule	Information required
10.15.9 – a summary of the material terms of the scheme.	A summary of the material terms of the Employee Share Option Plan is set out in section 2.2.
10.15.10 – A summary of the material terms of any loan that will be made to the person in relation to the acquisition.	<p>Issue price loan:</p> <ul style="list-style-type: none"> • to be applied towards the aggregate issue price for the Options; • unless otherwise agreed, repayable on the earliest of: <ul style="list-style-type: none"> – the expiry of the first available trading window after the 6th anniversary of the Loan Commencement Date; – the 7th anniversary of the Loan Commencement Date; or – the date that all Options or Shares received on exercise of the Options have been disposed of or (in respect of Options) have been forfeited or cancelled or bought back by the Company in accordance with the Employee Share Option Plan. <p>Exercise price loan:</p> <ul style="list-style-type: none"> • to be applied towards the entire exercise price for the Options; • unless otherwise agreed, repayable on the earliest of: <ul style="list-style-type: none"> – the expiry of the first available trading window after the 1st anniversary of the Loan Commencement Date; – the 2nd anniversary of the Loan Commencement Date; or – the date that all Shares received on exercise of the Options have been disposed of. <p>Any proceeds received in respect of the Shares and/or Options must first be applied to the repayment of the loans and the amount owing under both loans is limited recourse to the Shares and/or Options.</p>
10.15.11 – Statement.	<p>Details of any Options issued under the Employee Share Option 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.</p> <p>Any additional persons covered by listing rule 10.14 who become entitled to participate in an issue of Options under the Employee Share Option Plan after the resolution is approved and who were not named in the notice of meeting will not participate until approval is obtained under that rule.</p>
10.15.12 – Voting exclusion statement.	See section 3.5 below.

3.4 Summary of the material terms of the Options

Listing Rule	Information required
Issue Date	The issue date of the Options will be the date recorded in the register of Optionholders of the Company.
Issue Price	The Options have an issue price of \$0.1540 per Option, being equal to the tax value of the Option.
Exercise Price	The exercise price for an Option is \$2.00 per Option.

Listing Rule	Information required
Vesting	Options will vest once the Board gives notice of the number of Options that have Vested following satisfaction of the applicable Vesting Condition (Vesting Notice). The Board will give a Vesting Notice within 30 days following each Test Date (defined below).
Vesting Condition(s)	<p>The following tranches of Options will vest on the following dates (each, a Test Date) over 5 years from the Issue Date (the Performance Period), provided that the volume weighted average price of an ordinary share in the Company for the 20 day period ending on the Test Date is at least equal to \$3.50 (the Threshold):</p> <ul style="list-style-type: none"> • in respect of the first tranche comprising 1/3 of the Options (First Tranche), the First Tranche will vest on the third anniversary of the Issue Date; • in respect of the second tranche comprising 1/3 of the Options (Second Tranche), the Second Tranche will vest on the fourth anniversary of the Issue Date; and • in respect of the third tranche comprising 1/3 of the Options (Third Tranche), the Third Tranche will vest on the fifth anniversary of the Issue Date, <p>(Vesting Conditions).</p> <p>The Vesting Conditions share price of \$3.50 represents a return to shareholders over 3 years of 21% p.a., over 4 years of 15% p.a. and over 5 years of 12% pa. The Board has deemed this a fair return to shareholders over the Performance Period from which to benchmark remuneration.</p> <p>If on a Test Date for a particular tranche of Options, the Threshold is not met on the Test Date, but the Threshold is met on a subsequent Test Date, then that tranche of Options will vest on that subsequent Test Date. For example, if the Threshold for the First Tranche is not met until the fourth anniversary of the Issue Date, then both the First Tranche and the Second Tranche, being 2/3 of the Options, will vest on the fourth anniversary of the Issue Date.</p>
Change of Control	Subject to the Board determining otherwise, if there is a Change of Control of the Company, Unvested Options will vest on a pro rata basis based on the proportion of the Performance Period in respect of those Unvested Options which has elapsed at the date of the Change of Control. This is subject to a condition that the price per share achieved under the Change of Control is at least equal to \$3.50.
Expiry Date	The Expiry Date is set as the date that is 6 years following the Issue Date.
Exercise Period	Options will be exercisable for 30 days from the date of issue of the Vesting Notice (Vesting Date) (Exercise Period). If exercised, the Company will issue the Ordinary Shares within 60 days of the Vesting Date.
Leaver	<p>Subject to a Default Event occurring, if the Participant becomes a Leaver then:</p> <ul style="list-style-type: none"> • Vested Options will remain exercisable for 90 days (or a longer period approved by the Board), after which they will lapse; and • unless becoming a Leaver is due to death, Permanent Incapacity or Retirement, or the Board approves otherwise, all Unvested Options will immediately lapse.
Transfer restriction	No Participant may transfer any Option except with the prior written consent of the Board.

3.5 Voting exclusion statement

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

- (a) any person referred to in ASX Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the Employee Share Option Plan; and
- (b) an associate of any person referred to in paragraph (a).

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

4 Issue of Options under the Non-Executive Share Option Plan in respect of resolutions #4 to #9 (inclusive)

4.1 Background

The Company proposes, subject to obtaining Shareholder approval, to issue the following number of Options (**Relevant Options**) to the following non-executive directors (each a **Relevant Director**) or his or her nominee under the Non-Executive Share Option Plan and on the terms and conditions set out below.

Resolution #	Relevant Director	Relevant Options
4	Mr Guy Russo	370,000
5	Mr Hamish Corlett	185,000
6	Ms Amrita Blickstead	185,000
7	Mr Michael Gordon	185,000
8	Mr Hilton Brett	185,000
9	Ms Karen Borg	185,000

4.2 Approval sought

Under ASX Listing Rule 10.14, Shareholder approval is required in order for a Director to be issued securities under an employee incentive scheme.

If Shareholder approval is obtained under ASX Listing Rule 10.14, the issue of Relevant Options to the Relevant Director will not count towards the Company's capacity to issue equity securities under Listing Rule 7.1 and 7.1A.

Accordingly, approval is sought for the issue of the Relevant Options to the Relevant Director under the Non-Executive Share Option Plan. For the purposes of Listing Rule 10.15, the key terms of the offer are detailed below. This proposed grant is conditional on receiving Shareholder approval. This resolution is an ordinary resolution, which requires a simple majority of votes cast by Shareholders.

The Company has determined that the proposed grant of Options (and related loans) under the Non-Executive Share Option Plan will constitute the giving of reasonable remuneration for the purposes of section 211 of the Corporations Act.

4.3 ASX Listing Rule 10.15

ASX Listing Rule 10.15 contains requirements for the content of a notice of meeting sent to Shareholders for the purposes of ASX Listing Rule 10.14 and the following information is set out for each Relevant Director that purpose:

Listing Rule	Information required																					
10.15.1 – The name of the person.	Each Relevant Director as named in section 4.1 or his/her nominee.																					
10.15.2 – Which category in rules 10.14.1 to 1.04.3 the person falls within and why.	Each Relevant Director is a Director and is therefore a related party under 10.14.1.																					
10.15.3 – The number and class of securities proposed to be issued to the person.	The maximum number of Options to be issued to each Relevant Director is the Relevant Options as set out in section 4.1.																					
10.15.4 – Details of the director's current total remuneration package.	<p>The current total remuneration package for each Relevant Director comprises of a director's fee as follows (noting that, if the Options are issued, the total remuneration package will increase by the amount specified in the last column, being the value of the Options on a per annum basis over the total vesting period of 5 years from the date of issue, which is determined using an appropriate option valuation methodology (ie, Black-Scholes) as at the date of this Notice of Meeting and may be subject to change depending of the value of an ordinary share in the Company as at the date of grant):</p> <table border="1"> <thead> <tr> <th>Relevant Director</th> <th>Director Fee</th> <th>Options value (p.a.)</th> </tr> </thead> <tbody> <tr> <td>Mr Guy Russo</td> <td>\$100,000*</td> <td>\$36,394.27</td> </tr> <tr> <td>Mr Hamish Corlett</td> <td>\$50,000</td> <td>\$18,179,14</td> </tr> <tr> <td>Ms Amrita Blickstead</td> <td>\$50,000</td> <td>\$18,179,14</td> </tr> <tr> <td>Mr Michael Gordon</td> <td>\$50,000</td> <td>\$18,179,14</td> </tr> <tr> <td>Mr Hilton Brett</td> <td>\$50,000</td> <td>\$18,179,14</td> </tr> <tr> <td>Ms Karen Borg</td> <td>\$50,000</td> <td>\$18,179,14</td> </tr> </tbody> </table> <p>* Mr Russo has elected not to receive his Director's fee of \$100,000 for the period to 30 June 2021</p> <p>For completeness, if resolution #1 to increase the Remuneration Limit is passed, the director's fee for each Relevant Director will increase on an annualised basis by the amount in the Options value column in the table</p>	Relevant Director	Director Fee	Options value (p.a.)	Mr Guy Russo	\$100,000*	\$36,394.27	Mr Hamish Corlett	\$50,000	\$18,179,14	Ms Amrita Blickstead	\$50,000	\$18,179,14	Mr Michael Gordon	\$50,000	\$18,179,14	Mr Hilton Brett	\$50,000	\$18,179,14	Ms Karen Borg	\$50,000	\$18,179,14
Relevant Director	Director Fee	Options value (p.a.)																				
Mr Guy Russo	\$100,000*	\$36,394.27																				
Mr Hamish Corlett	\$50,000	\$18,179,14																				
Ms Amrita Blickstead	\$50,000	\$18,179,14																				
Mr Michael Gordon	\$50,000	\$18,179,14																				
Mr Hilton Brett	\$50,000	\$18,179,14																				
Ms Karen Borg	\$50,000	\$18,179,14																				

Listing Rule	Information required
	<p>above and in addition Mr Russo will receive his Director's fee from 1st July 2021.</p> <p>The current cap of \$250,000 p.a will not be exceeded in the current financial year as the Mr Russo has elected not to receive any Director's fee for the period to 30 June 2021 and none of other non-executive Directors referred to in this Notice of Meeting received any Directors' fees for the period from the date of their appointment until 1st January 2021.</p>
10.15.5 – The number of securities previously issued to the person under the scheme and the average acquisition price (if any) paid for those securities.	As the Non-Executive Share Option Plan has not yet been approved by Shareholders, no Options have been issued to any Relevant Director. For completeness, we note that no Relevant Director holds shares in the Company under the EST.
10.15.6 – A summary of the material terms of the securities, an explanation of why that type of security is being used and the value the entity attributes to that security and its basis.	Refer to section 3.4 above for a summary of the material terms of the Options.
10.15.7 – The date or dates on or by which the entity will issue the securities to the person under the scheme.	The Options will be issued to each Relevant Director within 1 month from the date of the Shareholder's meeting approving the Option issue.
10.15.8 – The price at which the entity will issue the securities to the person under the scheme.	Each Option will be issued to each Relevant Director (and/or his/her nominee) with an issue price of \$0.1540. Each Option will have an exercise price equal to the value of an ordinary share in the Company.
10.15.9 – a summary of the material terms of the scheme.	A summary of the material terms of the Non-Executive Share Option Plan is set out in section 2.2 above.
10.15.10 – A summary of the material terms of any loan that will be made to the person in relation to the acquisition.	<p>Issue price loan:</p> <ul style="list-style-type: none"> • to be applied towards the aggregate issue price for the Options; • unless otherwise agreed, repayable on the earliest of: <ul style="list-style-type: none"> – the expiry of the first available trading window after the 6th anniversary of the Loan Commencement Date; – the 7th anniversary of the Loan Commencement Date; or – the date that all Options or Shares received on exercise of the Options have been disposed of or (in respect of Options) have been forfeited or cancelled or bought back by the Company in accordance with the Employee Share Option Plan. <p>Any proceeds received respect of the Shares and/or Options must first be applied to the repayment of the loan and the amount owing under the loan is limited recourse to the Shares and/or Options.</p>
10.15.11 – Statement.	<p>Details of any Options issued under the Non-Executive Share Option 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.</p> <p>Any additional persons covered by listing rule 10.14 who become entitled to participate in an issue of Options under the Non-Executive Share Option Plan after the resolution is approved and who were not named in</p>

Listing Rule	Information required
	the notice of meeting will not participate until approval is obtained under that rule.
10.15.12 – Voting exclusion statement.	See section 4.4 below.

4.4 *Voting exclusion statement*

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

- (a) any person referred to in ASX Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the Non-Executive Share Option Plan; and
- (b) an associate of any person referred to in paragraph (a).

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