



# **Notice of Annual General Meeting and Explanatory Memorandum**

**Date of Meeting**

Thursday, 18 May 2023

**Time of Meeting**

10:00am AWST

**Place of Meeting**

Doubletree by Hilton Perth Waterfront, 1 Barrack Square, Perth, Western Australia 6000

**A Proxy Form is enclosed**

Please read this Notice and Explanatory Memorandum carefully.

If you are unable to attend the General Meeting please complete and return the enclosed Proxy Form in accordance with the specified directions.

# LEO LITHIUM LIMITED ABN 70 638 065 068

## NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of Shareholders of Leo Lithium Limited (ABN 70 638 065 068) will be held at Doubletree by Hilton Perth Waterfront, 1 Barrack Square, Perth, Western Australia 6000 on Thursday, 18 May 2023 at 10:00am AWST for the purpose of transacting the following business referred to in this Notice of Annual General Meeting. Details of the definitions and abbreviations used in this Notice are set out in the Glossary to the Explanatory Memorandum.

## AGENDA

### Financial Statements and Reports

To receive and to consider the financial statements and the reports of the Directors and Auditors for the year ended 31 December 2022.

#### 1 Resolution 1 - Non-Binding Resolution to adopt Remuneration Report

To consider and, if thought fit, pass the following resolution as a **non-binding ordinary resolution**:

*"That, for the purposes of section 250R(2) of the Corporations Act 2001 (Cth) (**Corporations Act**) and for all other purposes, the Remuneration Report, which forms part of the Directors' report, for the year ended 31 December 2022, be adopted."*

**Note:** In accordance with section 250R(3) of the Corporations Act, the vote on Resolution 1 is an advisory vote of Shareholders only, and does not bind the Directors or the Company. Shareholders are encouraged to read the Explanatory Memorandum for further details on the consequences of voting on this Resolution.

#### ***Voting exclusion statement for Resolution 1***

*The Company will disregard any votes cast on the Resolution by or on behalf of a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or their Closely Related Parties. However, the Company need not disregard a vote if:*

- (a) it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the proposed Resolution or the proxy is the Chair of the Meeting and the appointment of the Chair as proxy does not specify the way the proxy is to vote on the Resolution and expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel; and*
- (b) it is not cast on behalf of a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or their Closely Related Parties.*

*Further, a Restricted Voter who is appointed as a proxy will not vote on the Resolution unless:*

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

Shareholders should note that the Chair intends to vote any undirected proxies in favour of the Resolution.

Shareholders may also choose to direct the Chair to vote against the Resolution or to abstain from voting.

If any of the persons named above purport to cast a vote other than as permitted above, that vote will be disregarded by the Company (as indicated above) and those persons may be liable for breaching the voting restrictions that apply to them under the Corporations Act.

## **2 Resolution 2 - Election of Brendan Borg as Director**

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

*"That Brendan Borg, a Director who retires in accordance with rule 6.1(f) of the Constitution, be elected as a Director of the Company."*

## **3 Resolution 3 - Election of Rick Crabb as Director**

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

*"That Rick Crabb, a Director who retires in accordance with rule 6.1(e) of the Constitution, be elected as a Director of the Company."*

## **4 Resolution 4 - Election of Alan Rule as Director**

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

*"That Alan Rule, a Director who retires in accordance with rule 6.1(e) of the Constitution, be elected as a Director of the Company."*

## **5 Resolution 5 - Approval of the New Awards Plan**

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

*"That, pursuant to and in accordance with Listing Rule 7.2, Exception 13(b) and for all other purposes, Shareholders approve the Company's new employee incentive scheme known as Leo Lithium Ltd Employee Awards Plan (**New Awards Plan**), and the grant of Shares, Options and Performance Rights and the issue of the underlying Shares on exercise of such Options and Performance Rights, on the terms and conditions in the Explanatory Memorandum."*

### **Voting exclusion statement for Resolution 5**

The Company will disregard any votes cast on the Resolution by or on behalf of a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or their Closely Related Parties. However, the Company need not disregard a vote if:

- (a) it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the proposed Resolution or the proxy is the Chair of the Meeting and the appointment of the Chair as proxy does not specify the way the proxy is to vote on the Resolution and expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel; and
- (b) it is not cast on behalf of a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or their Closely Related Parties.

Further, a Restricted Voter who is appointed as a proxy will not vote on the Resolution unless:

- (a) the appointment specifies the way the proxy is to vote on the Resolution; or
- (b) the proxy is the Chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. Shareholders should note that the Chair intends to vote any undirected proxies in favour of the Resolution.

Shareholders may also choose to direct the Chair to vote against the Resolution or to abstain from voting.

If any of the persons named above purport to cast a vote other than as permitted above, that vote will be disregarded by the Company (as indicated above) and those persons may be liable for breaching the voting restrictions that apply to them under the Corporations Act.

#### ***Voting exclusion statement for Resolution 5***

In accordance with the ASX Listing Rules, the Company will disregard any votes cast in favour of Resolution 5 by or on behalf of:

- (a) Mr Simon Hay and any other person who is eligible to participate in the Plan; or
- (b) an associate (as that term is defined in the ASX Listing Rules) of any of those persons.

However, the Company need not disregard a vote cast in favour of Resolution 5 if:

- (a) it is cast by the person as proxy or attorney for a person who is entitled to vote on Resolution 5, in accordance with directions given to the proxy or attorney to vote on Resolution 5 in that way; or
- (b) it is cast by the Chair as proxy or attorney for a person who is entitled to vote on Resolution 5, in accordance with a direction given to the Chair to vote as the Chair decides; or
- (c) it is cast by 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 Resolution 5; and
  - (ii) the holder votes on Resolution 5 in accordance with directions given by the beneficiary to the holder to vote in that way.

The Chair intends to vote all available undirected proxies in favour of Resolution 5.

### **6 Resolution 6 - Approval of Grant of Long Term Incentive Performance Rights - Mr Simon Hay - 2023-2025 Long Term Incentive Plan**

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

*That, for the purposes of Listing Rule 10.14 and for all other purposes, the Leo Lithium Directors are authorised to issue 1,315,316 Leo Lithium Performance Rights to Mr Simon Hay or his nominee(s) on the terms and conditions set out in the Explanatory Memorandum."*

### **7 Resolution 7 - Approval of Grant of Short Term Incentive Performance Rights - Mr Simon Hay - 2023 STI Program**

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

*"That, for the purposes of Listing Rule 10.14 and for all other purposes, the Leo Lithium Directors are authorised to issue 657,658 Leo Lithium Performance Rights to Mr Simon Hay or his nominee(s) on the terms and conditions set out in the Explanatory Memorandum."*

**8 Resolution 8 - Approval of Grant of Short Term Incentive Performance Rights - Mr Simon Hay - 2022 STI Program**

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

*"That, for the purposes of Listing Rule 10.14 and for all other purposes, the Leo Lithium Directors are authorised to issue 426,885 Leo Lithium Performance Rights to Mr Simon Hay or his nominee(s) on the terms and conditions set out in the Explanatory Memorandum."*

**9 Resolution 9 - Approval of Grant of Options to Mr Alan Rule**

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

*"That, for the purposes of Listing Rule 10.14 and for all other purposes, the Leo Lithium Directors are authorised to issue 590,000 Options to Mr Alan Rule or his nominee(s) on the terms and conditions set out in the Explanatory Memorandum."*

***Voting exclusion statement for Resolutions 6, 7, 8 and 9***

The Company will disregard any votes cast on the Resolution by or on behalf of a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or their Closely Related Parties. However, the Company need not disregard a vote if:

- (a) it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the proposed Resolution or the proxy is the Chair of the Meeting and the appointment of the Chair as proxy does not specify the way the proxy is to vote on the Resolution and expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel; and
- (b) it is not cast on behalf of a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or their Closely Related Parties.

Further, a Restricted Voter who is appointed as a proxy will not vote on the Resolution unless:

- (a) the appointment specifies the way the proxy is to vote on the Resolution; or
- (b) the proxy is the Chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. Shareholders should note that the Chair intends to vote any undirected proxies in favour of the Resolution.

Shareholders may also choose to direct the Chair to vote against the Resolution or to abstain from voting.

If any of the persons named above purport to cast a vote other than as permitted above, that vote will be disregarded by the Company (as indicated above) and those persons may be liable for breaching the voting restrictions that apply to them under the Corporations Act.

***Voting exclusion statement for Resolutions 6, 7, 8 and 9***

In accordance with the ASX Listing Rules, the Company will disregard any votes cast in favour of Resolutions 6, 7, 8 and 9 by or on behalf of:

- (a) Mr Simon Hay and any other person who is eligible to participate in the Plan; or
- (b) an associate (as that term is defined in the ASX Listing Rules) of any of those persons.

However, the Company need not disregard a vote cast in favour of Resolutions 6, 7, 8 and 9 if:

- (a) *it is cast by the person as proxy or attorney for a person who is entitled to vote on Resolutions 6, 7, 8 and 9, in accordance with directions given to the proxy or attorney to Resolutions 6, 7, 8 and 9 in that way; or*
- (b) *it is cast by the Chair as proxy or attorney for a person who is entitled to vote on Resolutions 6, 7, 8 and 9, in accordance with a direction given to the Chair to vote as the Chair decides; or*
- (c) *it is cast by 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 Resolutions 6, 7, 8 and 9; and*
  - (ii) *the holder votes on Resolutions 6, 7, 8 and 9 in accordance with directions given by the beneficiary to the holder to vote in that way.*

*The Chair intends to vote all available undirected proxies in favour of Resolutions 6, 7, 8 and 9.*

## **10 Resolution 10 - Approval of potential termination benefit in relation to securities issued pursuant to the New Awards Plan**

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

*"That, for the purposes of Listing Rule 10.19 and Part 2D.2 of the Corporations Act (including sections 200B and 200E of the Corporations Act), and for all other purposes, approval be given for the giving of benefits under the terms of the New Awards Plan to any current or future person holding a managerial or executive office in the Company or a related body corporate (**Eligible Employee**), in connection with that person ceasing to hold that managerial or executive office as set out in the Explanatory Memorandum."*

### ***Voting exclusion statement for Resolution 10***

*The Company will disregard any votes cast on the Resolution by or on behalf of a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or their Closely Related Parties. However, the Company need not disregard a vote if:*

- (a) *it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the proposed Resolution or the proxy is the Chair of the Meeting and the appointment of the Chair as proxy does not specify the way the proxy is to vote on the Resolution and expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel; and*
- (b) *it is not cast on behalf of a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or their Closely Related Parties.*

*Further, a Restricted Voter who is appointed as a proxy will not vote on the Resolution unless:*

- (a) *the appointment specifies the way the proxy is to vote on the Resolution; or*
- (b) *the proxy is the Chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. Shareholders should note that the Chair intends to vote any undirected proxies in favour of the Resolution.*

*Shareholders may also choose to direct the Chair to vote against the Resolution or to abstain from voting.*

*If any of the persons named above purport to cast a vote other than as permitted above, that vote will be disregarded by the Company (as indicated above) and those persons may be liable for breaching the voting restrictions that apply to them under the Corporations Act.*

### ***Voting exclusion statement for Resolution 10***

*In accordance with the ASX Listing Rules, the Company will disregard any votes cast in favour of Resolution 10 by or on behalf of:*

- (a) Mr Simon Hay and any other person who is eligible to participate in the Plan; or*
- (b) an associate (as that term is defined in the ASX Listing Rules) of any of those persons.*

*However, the Company need not disregard a vote cast in favour of Resolution 5 if:*

- (a) it is cast by the person as proxy or attorney for a person who is entitled to vote on Resolution 10, in accordance with directions given to the proxy or attorney to vote on Resolution 10 in that way; or*
- (b) it is cast by the Chair as proxy or attorney for a person who is entitled to vote on Resolution 10, in accordance with a direction given to the Chair to vote as the Chair decides; or*
- (c) it is cast by 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 Resolution 10; and*
  - (ii) the holder votes on Resolution 10 in accordance with directions given by the beneficiary to the holder to vote in that way.*

*The Chair intends to vote all available undirected proxies in favour of Resolution 10.*

## **OTHER BUSINESS**

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**To deal with any other business which may be brought forward in accordance with the Constitution and the Corporations Act.**

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### **Voting entitlements**

The Board has determined that under regulation 7.11.37 of the *Corporations Regulations 2001* (Cth), for the purposes of the Annual General Meeting, Shares will be taken to be held by the persons who are the registered holders at 5:00pm (Perth Time) on Tuesday, 16 May 2023. Accordingly, share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the General Meeting.

### **Chair**

Mr Rick Crabb will act as Chair of the General Meeting. If Mr Crabb is unable to attend, another Director will act as Chair of the Annual General Meeting.

### **How to vote**

#### **Shareholders can vote by either:**

- attending the General Meeting and voting in person or by attorney or, in the case of corporate Shareholders, by appointing a corporate representative to attend and vote; or

- appointing a proxy to attend and vote on their behalf using the Proxy Form accompanying this Notice of Meeting and by submitting their proxy appointment and voting instructions in person, by post, electronically via the internet or by facsimile.

### **Voting in person (or by attorney)**

Shareholders, or their attorneys, who plan to attend the Annual General Meeting are asked to arrive at the venue 15 minutes prior to the time designated for the General Meeting, if possible, so that their holding may be checked against the Company's share register and their attendance recorded. To be effective, a certified copy of the Power of Attorney, or the original Power of Attorney, must be received by the Company in the same manner, and by the same time as outlined for proxy forms below.

### **Voting by a Corporation**

A Shareholder that is a corporation may appoint an individual to act as its representative and vote in person at the General Meeting. The appointment must comply with the requirements of section 250D of the Corporations Act. The representative should bring to the General Meeting evidence of his or her appointment, including any authority under which it is signed.

### **Voting by proxy**

- A Shareholder entitled to attend and vote is entitled to appoint no more than two proxies. Each proxy will have the right to vote on a poll and also to speak at the General Meeting.
- The appointment of the proxy may specify the proportion or the number of votes that the proxy may exercise. Where more than one proxy is appointed and the appointment does not specify the proportion or number of the Shareholder's votes each proxy may exercise, the votes will be divided equally among the proxies (i.e. where there are two proxies, each proxy may exercise half of the votes).
- A proxy need not be a Shareholder.
- The proxy can be either an individual or a body corporate.
- If a proxy is not directed how to vote on an item of business, the proxy may generally vote, or abstain from voting, as they think fit.
- Should any resolution, other than those specified in this Notice, be proposed at the General Meeting, a proxy may vote on that resolution as they think fit.
- If a proxy is instructed to abstain from voting on an item of business, they are directed not to vote on the Shareholder's behalf on the poll and the Shares that are the subject of the proxy appointment will not be counted in calculating the required majority.
- Shareholders who return their Proxy Forms with a direction how to vote, but who do not nominate the identity of their proxy, will be taken to have appointed the Chair of the General Meeting as their proxy to vote on their behalf. If a Proxy Form is returned but the nominated proxy does not attend the General Meeting, the Chair of the General Meeting will act in place of the nominated proxy and vote in accordance with any instructions. Proxy appointments in favour of the Chair of the General Meeting, the secretary or any Director that do not contain



a direction how to vote will be used, where possible, to support each Resolution proposed in this Notice, provided they are entitled to cast votes as a proxy under the voting exclusion rules which apply to the Resolution. These rules are explained in this Notice.

- To be effective, proxies must be received by 10:00am (Perth Time) on Tuesday, 16 May 2023. Proxies received after this time will be invalid.
- The Proxy Form must be signed by the Shareholder or the Shareholder's attorney. Proxies given by corporations must be executed in accordance with the Corporations Act. Where the appointment of a proxy is signed by the appointer's attorney, a certified copy of the Power of Attorney, or the power itself, must be received by the Company at the address below, or by facsimile, and by 10:00am (Perth Time) on Tuesday, 16 May 2023. If facsimile transmission is used, the Power of Attorney must be certified.
- Proxies may be lodged using any of the following methods:

**By internet:**

Log on to [www.investorvote.com.au](http://www.investorvote.com.au)

If you are a custodian and an Intermediary Online subscriber, you can log on to [www.intermediaryonline.com](http://www.intermediaryonline.com)

**By post:**

Computershare Investor Services Pty Limited,  
GPO Box 242,  
Melbourne Victoria 3001 Australia

**By fax:**

(within Australia) 1800 783 447  
(outside Australia) +61 3 9473 2555

**By order of the Board**

**Nathan Bartrop**

Joint Company Secretary

Dated: 18 April 2023

# LEO LITHIUM LIMITED

**ABN 70 638 065 068**

## EXPLANATORY MEMORANDUM

This Explanatory Memorandum is intended to provide Shareholders with sufficient information to assess the merits of the Resolution contained in the accompanying Notice of General Meeting of the Company. ASX takes no responsibility for the contents of this Notice.

Certain abbreviations and other defined terms are used throughout this Explanatory Memorandum. Defined terms are generally identifiable by the use of an upper case first letter. Details of the definitions and abbreviations are set out in the Glossary to the Explanatory Memorandum.

### Discussion of Financial Statements and Reports

The first item of the Notice deals with the presentation of the consolidated annual financial report of the Company for the financial year ended 31 December 2022, together with the Directors' declaration and report in relation to that financial year and the Auditor's Report on the financial report (**Annual Report**). Shareholders should consider these documents and raise any matters of interest with the Directors.

At the Meeting, Shareholders will be offered the opportunity to:

- discuss the Annual Report which contains each of the reports and statements noted above.
- ask questions about, or comment on, the management of the Company; and
- ask the auditor questions about the conduct of the audit and the preparation and content of the Auditor's Report.

The Chair will also allow a reasonable opportunity for the Auditor or their representative to answer any written questions submitted to the Auditor under section 250PA of the Corporations Act.

### Resolution 1 - Non Binding Resolution to adopt Remuneration Report

Section 250R(2) of the Corporations Act requires the Company to put to its Shareholders a resolution that the Remuneration Report as disclosed in the Company's 2022 Annual Report be adopted. The Remuneration Report is set out in the Company's 2022 Annual Report and is also available on the Company's website ([www.leolithium.com](http://www.leolithium.com)).

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

However, if at least 25% of the votes cast are against adoption of the Remuneration Report at two consecutive annual general meetings, the Company will be required to put a resolution to the second Annual General Meeting (Spill Resolution), to approve calling a general meeting (Spill Meeting). If more than 50% of Shareholders vote in favour of the Spill Resolution, the Company must then convene a Spill Meeting within 90 days of the second Annual General Meeting. All of the Directors who were in office when the applicable Directors' Report was approved, other than the Managing Director, will need to stand for re-election at the Spill Meeting if they wish to continue as Directors.

This is the first time that the Company is presenting the remuneration report, being the report for the financial year ended 31 December 2022 and therefore a vote of more than 25% against the remuneration report has not been recorded. Accordingly, if at least 25% of the votes cast on this Resolution are against adoption of the Remuneration Report it will not result in the Company putting a Spill Resolution to Shareholders.

The Remuneration Report explains the Board policies in relation to the nature and level of remuneration paid to Directors, sets out remuneration details for each Director and any service agreements and sets out the details of any equity based compensation.

The Chair will give Shareholders a reasonable opportunity to ask questions about, or make comments on, the Remuneration Report.

Note that a voting exclusion applies to this Resolution in the terms set out in the Notice.

Shareholders are urged to carefully read the Proxy Form and provide a direction to the proxy on how to vote on this Resolution.

## **Resolution 2 - Election of Brendan Borg as Director**

Mr Borg is currently a Non-Executive Director of the Company and is a member of the Remuneration and Nominations Committee. Pursuant to rule 6.1(f) of the Company's Constitution, Mr Borg, being a Director, retires by way of rotation and, being eligible, offers himself for re-election in accordance with clause 6.1(i) of the Constitution.

Mr Borg, was appointed to the Board on 13 October 2021. Mr Borg is a consultant geologist who has specialised in the "battery materials" sector including lithium, graphite, cobalt and copper mineralisation, participating in numerous successful projects, in an investment and/or operational capacity.

Mr Borg has more than 20 years' experience gained working in management, operational and project development roles in the exploration and mining industries, with companies including Rio Tinto Iron Ore, Magnis Resources Limited, IronClad Mining Limited, Lithex Resources Limited and Sibelco Australia Limited. Brendan operates a geological consulting business Borg Geoscience Pty Ltd.

Mr Borg is currently a Non-executive Director of Sarytogan Graphite Limited (ASX:SGA) and Kuniko Limited (ASX:KNI).

Mr Borg holds a Master of Science in Hydrogeology and Groundwater Management (University of Technology Sydney), a Bachelor of Science in Geology/Environmental Science (Monash University) and is a member of AusIMM and IAH.

The Board considers that Mr Borg, if elected, will continue to be classified as an independent director. Based on Mr Borg's relevant experience and qualifications, the members of the Board, in the absence of Mr Borg, support the election of Mr Borg as a Director of the Company.

## **Resolution 3 - Election of Mr Rick Crabb as Director**

Mr Crabb is currently Non-Executive Chairman of the Company and is a member of the Remuneration and Nominations Committee and was appointed in 2022 to fill a casual vacancy.

Clauses 6.1(e) and 6.1(f) of the Constitution provides that the Directors may at any time appoint a person to be a Director, either to fill a casual vacancy, or as an addition to the existing Directors, but so that the total number of Directors does not at any time exceed the maximum number specified by the Constitution. Any Director so appointed holds office only until the next following Annual General Meeting and is then eligible for election, but shall not be taken into account in determining the Directors who are to retire by rotation (if any) at that meeting.

Mr Crabb has been involved over the last 30 years as a director and strategic shareholder in many public companies operating in Australia, Asia and Africa (including Mali and Burkina Faso). For over 20 years he was chairman of ASX/TSX listed uranium miner Paladin Energy Ltd which built 2 uranium mines (in Namibia and Malawi) and at various times had advanced projects in Australia, Niger and Canada. Mr Crabb's executive level mining experience is strengthened by his legal background which has centred on mining, corporate and commercial law. Mr Crabb has been a WA Councillor of the Australian Institute of Company Directors (AICD). He was awarded the AICD Gold Medal in 2021 for services to the business community and AICD.

Mr Crabb is currently Non-executive Chairman of Eagle Mountain Mining Limited (ASX:EM2) and Non-Executive Chairman of Ora Gold Limited (ASX:OAU).

Based on Mr Crabb's relevant experience and qualifications, the members of the Board, in the absence of Mr Crabb, support the election of Mr Crabb as a Director of the Company.

#### **Resolution 4 - Election of Mr Alan Rule as Director**

Mr Rule is currently a Non-Executive Director of the Company and is a member of the Audit and Risk Committee and was appointed in 2022 to fill a casual vacancy.

Clauses 6.1(e) and 6.1(f) of the Constitution provides that the Directors may at any time appoint a person to be a Director, either to fill a casual vacancy, or as an addition to the existing Directors, but so that the total number of Directors does not at any time exceed the maximum number specified by the Constitution. Any Director so appointed holds office only until the next following Annual General Meeting and is then eligible for election, but shall not be taken into account in determining the Directors who are to retire by rotation (if any) at that meeting.

Mr Rule has more than 25 years' experience as Chief Financial Officer and Company Secretary in the mining industry in Australia and Africa. Mr Rule has considerable experience in international debt and equity financing of mining projects, implementation of accounting controls and systems, governance and regulatory requirements, and in mergers and acquisitions. Mr Rule was the CFO at Galaxy Resources Limited, an ASX listed lithium company, for 4 years until it merged with Orocobre Limited in August 2021. Prior to joining Galaxy, Mr Rule was with ASX-listed African iron ore company Sundance Resources Limited, where he had been Chief Financial Officer since July 2014. Mr Rule's previous positions have also included CFO of Paladin Energy Limited, Mount Gibson Limited, Western Metals Limited and St Barbara Mines Limited.

Mr Rule is currently a non-executive Director of Yellow Cake plc (AIM:YCA) and Ora Banda Mining Limited (ASX:OBM).

The Board considers that Mr Rule, if elected, will continue to be classified as an independent director. Based on Mr Rule's relevant experience and qualifications, the members of the Board, in the absence of Mr Rule, support the election of Mr Rule as a Director of the Company.

#### **Resolution 5 - Approval of the New Leo Lithium Awards Plan**

The Company has operated the Awards Plan since disclosure in its replacement prospectus on 6 May 2022 and the listing of the Company on ASX in June 2023. The Company seeks approval from the shareholders to adopt a new awards plan. The New Awards Plan is triggered by the updates to the legislative regime surrounding employee share schemes, specifically, the Treasury Laws Amendment (Cost of Living Support and Other Measures) Act 2022, which received royal assent on 31 March 2022, and introduces a new Division 1A into Part 7.12 of the Corporations Act 2001 (Cth), effective 1 October 2022 (New Rules). The legislation, which took effect from 1 October 2022, replaces and expands the current ASIC Class Order [CO 14/1000] (together, the Class Order).

Shareholder approval is required if any issue of Awards pursuant to the New Awards Plan is to fall within the exception to the calculation of the 15% limit imposed by Listing Rule 7.1 on the number of securities which may be issued without Shareholder approval. Accordingly, Shareholder approval is sought for the purposes of Listing Rule 7.2 Exception 13(b), which provides that Listing Rule 7.1 does not apply to an issue of securities under an employee incentive scheme that has been approved by the holders of ordinary securities within three years of the date of issue.

Prior Shareholder approval will be required before any Directors or related party of the Company can participate in the New Awards Plan - see Resolutions 6 to 9 and for further information regarding the proposed issue of Performance Rights and Options to certain Directors.

Under the New Awards Plan, the Board may offer to Eligible Employees such number of Awards set out in the rules of the New Awards Plan. Awards granted under the New Awards Plan will be offered to participating Eligible Employees in the New Awards Plan on the basis of the Board's view of the contribution of the Eligible Employee to the Company.

The maximum number of Performance Rights or Options proposed to be issued under the New Awards Plan following Shareholder approval is 50,000,000 over a three year period, which will be subject to performance hurdles before being converted to Shares. As a result, not all Performance Rights or Options will convert to Shares. The maximum number is not intended to be a prediction of the actual number of securities to be

issued under the New Awards Plan, simply a ceiling for the purposes of Listing Rule 7.2, (Exception 13(b)). Once this number is reached, the Company will need to seek fresh approval from Shareholders if the subsequent issue of Awards will be excluded from the calculation of the number Equity Securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If the Resolution is not passed, the Company will be able to proceed to issue Awards under the New Awards Plan, however the issue will not fall within the exception calculation of the 15% limit imposed by Listing Rule 7.1 and therefore effectively decreasing the number of Equity Securities which may be issued without Shareholder approval.

In accordance with the requirements of Listing Rule 7.2 Exception 13(b), the following information is provided to Shareholders:

- a summary of the terms of the New Awards Plan is set out in Schedule 1 and a full copy of the proposed New Awards Plan is available on the Company's website at [www.leolithium.com](http://www.leolithium.com)
- this is the first approval sought under Listing Rule 7.2 Exception 13(b) with respect to the New Awards Plan;
- the maximum number of Awards proposed to be issued under the New Awards Plan following approval of this Resolution is 50,000,000; and
- a voting exclusion applies in respect of this Resolution as set out in the Notice of Meeting.

## **Resolutions 6 and 7 - Grant of Performance Rights to Mr Simon Hay- LTI 2023 and STI 2023**

### **General**

Mr Simon Hay is the Managing Director and Chief Executive Officer of the Company.

The Company has agreed, subject to obtaining Shareholder approval, to issue the following Leo Lithium Performance Rights to Simon Hay (or his nominee) pursuant to the New Awards Plan and on the terms and conditions set out below in relation to resolutions 6 and 7.

<b>Name</b>	<b>LTI 2023 Performance Rights (2023-2025)</b>	<b>STI 2023 Performance Rights</b>
<b>Mr Simon Hay</b> (or his nominee)	1,315,316	657,658

**Table 1: Proposed Maximum Number of Performance Rights to be issued pursuant to Resolutions 6 and 7.**

Schedule 2 sets out the LTI 2023-2025 overview, as well as the STI 2023 performance criteria for Corporate and Personal scorecards.

### **Directors' recommendation**

The Directors (other than Simon Hay) recommend that Shareholders vote in favour of Resolutions 6 and 7. The Chair of the meeting intends to vote all available proxies in favour of Resolutions 6, 7 and 8.

### **ASX Listing Rule 7.1**

If Shareholders approve Resolutions 6 and 7 pursuant to ASX Listing Rule 10.14, then approval is not required for the purposes of ASX Listing Rule 7.1. Accordingly, if Resolutions 6 and 7 are approved and the 1,972,974 Performance Rights are issued, these will not be included in the calculation of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

## **Chapter 2E of the Corporations Act**

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

- a. obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- b. give the benefit within 15 months following such approval, unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act

The issue of the Performance Rights to Mr Hay (or his nominee) constitutes giving a financial benefit and Mr Hay a related party of the Company by virtue of being a Director.

The Directors (other than Mr Hay) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue of Performance Rights to Mr Hay, because the issue of Performance Rights constitutes reasonable remuneration payable to Mr Hay in accordance with the exception set out in Section 211 of the Corporations Act.

### **ASX Listing Rule 10.14**

Listing Rule 10.14 provides that the Company must not permit any of the following persons to acquire equity securities under an employee scheme:

- (a) a director of the Company (Listing Rule 10.14.1);
- (b) an Associate of a director of the Company (Listing Rule 10.14.12); or
- (c) a person whose relationship with the Company or a person referred to in Listing Rule 10.14.1 or 10.14.2 is such that, in ASX's opinion, the acquisition should be approved by its Shareholders (Listing Rule 10.14.3),

unless it obtains the approval of its Shareholders.

The issue of Performance Rights to Mr Hay falls within Listing Rule 10.14.1 and therefore requires the approval of Shareholders under ASX Listing Rule 10.14.

Resolutions 6, 7 and 8 seek the required Shareholder approval for the issue of the Performance Rights to Mr Hay under and for the purposes of ASX Listing Rule 10.14.

### **Information required by ASX Listing Rule 10.14**

If Resolutions 6 and 7 are not passed, the Company will not be able to proceed with the issue of the Performance Rights to Mr Hay under the Incentive Plan and the Directors (other than Mr Hay) intend to proceed with an alternative reward of cash in that instance.

In accordance with the requirements of ASX Rule 10.15 the following information is provided in relation to the proposed issue of Performance Rights to Mr Hay.

- a. the Performance Rights will be issued to Mr Hay (or his nominee), who falls within the category set out in Listing Rule 10.14.1, by virtue of Mr Hay being a Director;
- b. the maximum number of Performance Rights to be issued to Mr Hay (or his nominee) in respect of resolutions 6, 7 and 8 is set out in Table 1;
- c. the current total remuneration package for Mr Hay comprises Total Fixed Remuneration (TFR) of \$650,292 including statutory superannuation plus 30% of TFR target (50% of TFR stretch) Short Term Incentive plus 100% of TFR for Long Term Incentive.
- d. 5,000,000 Options have been issued to Mr Hay pursuant to the Awards Plan, however no Performance Rights have been issued to Mr Hay pursuant to the Awards Plan;
- e. a summary of the material terms and conditions of the Performance Rights is set out in Schedule 2;

- f. Performance Rights are unquoted performance rights. The Company has chosen to grant the Performance Rights to Mr Hay for the following reasons:
- the Performance Rights are unlisted, therefore the grant of the Performance Rights has no immediate dilutionary impact on Shareholders;
  - the issue of Performance Rights to Mr Hay will align the interests of Mr Hay with those of Shareholders;
  - the issue of the Performance Rights is a reasonable and appropriate method to provide cost effective remuneration as the non-cash form of this benefit 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 Mr Hay; and
  - it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in granting the Performance Rights on the terms proposed;
- g. The value of each Performance Right for Resolutions 6 and Resolution 7 is set out below.

**Resolution 6 - LTI 2023 Performance Rights Value**

Item	Tranche 1	Tranche 2	Tranche 3
Valuation Date	3-Apr-23	3-Apr-23	3-Apr-23
Underlying security spot price	\$0.515	\$0.515	\$0.515
Exercise price	Nil	Nil	Nil
Commencement of performance period	01-Jan-23	01-Jan-23	01-Jan-23
End of effective performance period	01-Sep-24	30-Sep-25	31-Dec-25
Effective Performance period (years)	1.67	2.75	3.00
Remaining effective performance period (years)	1.42	2.50	2.75
Expiry date	31-Aug-26	31-Aug-26	31-Aug-26
Remaining life of instrument (years)	3.41	3.41	3.41
Volatility	100%	100%	100%
Risk-free rate	3.005%	3.005%	2.980%
Dividend Yield	Nil	Nil	Nil
Valuation per Performance Right	\$0.515	\$0.515	\$0.384

**Resolution 7 - STI 2023 Performance Rights Value**

Item	STI Performance Rights
Valuation Date	3-Apr-23
Underlying security spot price	\$0.515
Exercise price	Nil
Commencement of performance period	01-Jan-23
End of effective performance period	31-Dec-23
Effective Performance period (years)	1
Remaining effective performance period (years)	0.75

Expiry date	31-Aug-24
Remaining life of instrument (years)	1.41
Volatility	100%
Risk-free rate	3.005%
Dividend Yield	Nil
Valuation per Performance Right	\$0.515

- h. the Performance Rights will be issued to Mr Hay (or their nominee) 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 Performance Rights will be issued at one time.
- i. each Performance Right will be issued for no consideration and no amount is payable on vesting of the Performance Right.
- j. a summary of the material terms and conditions of the New Awards Plan is set out in Schedule 2;
- k. no loan is being made to Mr Hay in connection with the acquisition of the Performance Rights;
- l. details of any Performance Rights 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; and
- m. any additional persons covered by Listing Rule 10.14 who become entitled to participate in an issue of Performance Rights under the Incentive Plan after Resolutions 6 and 7 are approved and who were not named in this Notice will not participate until approval is obtained under Listing Rule 10.14.

### **Resolution 8 - Grant of Performance Rights to Mr Simon Hay - STI 2022**

Mr Simon Hay is the Managing Director and Chief Executive Officer of the Company.

Resolution 8 seeks Shareholder approval for the purposes of ASX Listing Rule 10.14, and for all other purposes, to issue a total of 426,885 Leo Lithium Performance Rights to Mr Simon Hay (or his nominee) pursuant to the New Awards Plan and on the terms and conditions set out below in relation to resolution 8.

Mr Hay's maximum STI allocation for 2022 was 50% of his TFR. The total number of STI Performance Rights proposed to be granted to Mr Hay under the New Awards Plan (being 426,885 Performance Rights), in accordance with this Resolution 8:

- are valued at \$211,435 and equate to 32.5% of Mr Hay's TFR for the 2022 financial year; and
- were determined by the Board based on a Share price of \$0.4953 (being the 20-day volume weighted average share price for the 20 trading days following the Company's quotation of its Shares on ASX).

Schedule 2 sets out the STI 2022 performance criteria for Corporate and Personal scorecards.

### **Directors' recommendation**

The Directors (other than Mr Simon Hay) recommend that Shareholders vote in favour of Resolution 8. The Chair of the meeting intends to vote all available proxies in favour of Resolution 8.

### **ASX Listing Rule 7.1**

If Shareholders approve Resolution 8 pursuant to ASX Listing Rule 10.14, then approval is not required for the purposes of ASX Listing Rule 7.1. Accordingly, if Resolution 8 is approved and 426,885 Performance Rights are issued, these will not be included in the calculation of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.



## **Chapter 2E of the Corporations Act**

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

- a. obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- b. give the benefit within 15 months following such approval, unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act

The issue of the Performance Rights to Mr Hay (or his nominee) constitutes giving a financial benefit and Mr Hay a related party of the Company by virtue of being a Director.

The Directors (other than Mr Hay) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue of Performance Rights to Mr Hay in relation to Resolution 8, because the issue of Performance Rights constitutes reasonable remuneration payable to Mr Hay in accordance with the exception set out in Section 211 of the Corporations Act.

### **ASX Listing Rule 10.14**

A summary of ASX Listing Rule 10.14 is provided above in relation to Resolutions 6 and 7.

The issue of Performance Rights to Mr Hay falls within Listing Rule 10.14.1 and therefore requires the approval of Shareholders under ASX Listing Rule 10.14.

Resolution 8 seeks the required Shareholder approval for the issue of the Performance Rights to Mr Hay under and for the purposes of ASX Listing Rule 10.14.

### **Information required by ASX Listing Rule 10.14**

If Resolution 8 is not passed, the Company will not be able to proceed with the issue of the Performance Rights to Mr Hay under the Incentive Plan and the Directors (other than Mr Hay) intend to proceed with an alternative reward of cash in that instance.

In accordance with the requirements of ASX Rule 10.15 the following information is provided in relation to the proposed issue of Performance Rights to Mr Hay.

- a. the Performance Rights will be issued to Mr Hay (or his nominee), who falls within the category set out in Listing Rule 10.14.1, by virtue of Mr Hay being a Director;
- b. the maximum number of Performance Rights to be issued to Mr Hay (or his nominee) in respect of resolution 8 is 426,885;
- c. the current total remuneration package for Mr Hay comprises Total Fixed Remuneration (TFR) of \$650,292 including statutory superannuation plus 30% of TFR target (50% of TFR stretch) Short Term Incentive plus 100% of TFR for Long Term Incentive.
- d. 5,000,000 Options have been issued to Mr Hay pursuant to the Awards Plan, however no Performance Rights have been issued to Mr Hay pursuant to the Awards Plan;
- e. a summary of the material terms and conditions of the Performance Rights is set out in Schedule 2;
- f. Performance Rights are unquoted performance rights. The Company has chosen to grant the Performance Rights to Mr Hay for the following reasons:
  - i. the Performance Rights are unlisted, therefore the grant of the Performance Rights has no immediate dilutionary impact on Shareholders;
  - ii. the issue of Performance Rights to Mr Hay will align the interests of Mr Hay with those of Shareholders;

- iii. the issue of the Performance Rights is a reasonable and appropriate method to provide cost effective remuneration as the non-cash form of this benefit 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 Mr Hay; and
- iv. it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in granting the Performance Rights on the terms proposed;
- g. if all the Performance Hurdles are met and 100% of the Performance Rights proposed under Resolution 8 vest, the Company considers the 2022 STI Performance Rights to have a value of \$0.515 per Performance Right, being the closing price of the Company's Shares on ASX as at 3 April 2023.
- h. the Performance Rights will be issued to Mr Hay (or their nominee) 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 Performance Rights will be issued at one time.
- i. each Performance Right will be issued for no consideration and no amount is payable on vesting of the Performance Right.
- j. a summary of the material terms and conditions of the New Awards Plan is set out in Schedule 2;
- k. no loan is being made to Mr Hay in connection with the acquisition of the Performance Rights;
- l. details of any Performance Rights 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; and
- m. any additional persons covered by Listing Rule 10.14 who become entitled to participate in an issue of Performance Rights under the Incentive Plan after Resolution 8 is approved and who were not named in this Notice will not participate until approval is obtained under Listing Rule 10.14.

## **Resolution 9 – Approval of Grant of Options to Mr Alan Rule**

### **General**

Mr Alan Rule is a Non-Executive Director of the Company and his biographical details are set out above in relation to Resolution 4.

The Company has agreed, subject to obtaining Shareholder approval, to issue Mr Rule 590,000 Options, which are substantially on the same terms as the existing Directors, as set out in Attachment E of the Company's Replacement Prospectus.

The proposed terms of the Options are set out in Schedule 3.

### **ASX Listing Rule 7.1**

If Shareholders approve Resolution 9, pursuant to ASX Listing Rule 10.14, then approval is not required for the purposes of ASX Listing Rule 7.1. Accordingly, if Resolution 9 is approved and the 590,000 Options are issued, these will not be included in the calculation of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

## **Chapter 2E of the Corporations Act**

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

- c. obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- d. give the benefit within 15 months following such approval, unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act

The issue of the Options to Mr Rule (or his nominee) constitutes giving a financial benefit and Mr Rule is a related party of the Company by virtue of being a Director.

The Directors (other than Mr Rule) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue of Options to Mr Rule, because the issue of Options to Mr Rule constitutes reasonable remuneration payable to Mr Rule in accordance with the exception set out in Section 211 of the Corporations Act.

### **ASX Listing Rule 10.14**

The issue of Options to Mr Hay falls within Listing Rule 10.14.1 and therefore requires the approval of Shareholders under ASX Listing Rule 10.14.

Resolution 9 seeks the required Shareholder approval for the issue of the Options to Mr Rule under and for the purposes of ASX Listing Rule 10.14.

### **Information required by ASX Listing Rule 10.14**

If Resolution 9 is not passed, the Company will not be able to proceed with the issue of the Options to Mr Rule under the Incentive Plan and the Directors (other than Mr Rule) intend to proceed with an alternative reward of cash in that instance.

In accordance with the requirements of ASX Rule 10.15 the following information is provided in relation to the proposed issue of Performance Rights to Mr Rule.

- a. the Options will be issued to Mr Rule (or his nominee), who falls within the category set out in Listing Rule 10.14.1, by virtue of Mr Rule being a Director;
- b. the maximum number of Options to be issued to Mr Rule (or his nominee) in respect of resolution 9 is 590,000 Options;
- c. the current total remuneration package for Mr Rule comprises TFR of \$100,000 plus statutory superannuation;
- d. No Performance Rights or Options have been issued to Mr Rule pursuant to the New Awards Plan;
- e. a summary of the material terms and conditions of the Options is set out in Schedule 3;
- f. The Company has chosen to grant the Options to Mr Rule as the issue of Options to Mr Rule will align the interests of Mr Rule with those of Shareholders;
- g. the issue of the Options is a reasonable and appropriate method to provide cost effective remuneration as the non-cash form of this benefit 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 Mr Rule.
- h. if all the Options proposed to be issued under Resolution 9 vest, the Company considers Options to have the following value set out below.

### **Valuation - Resolution 9 - Issue of Options to Alan Rule**

<b>Item</b>	<b>Options (Alan Rule)</b>
Valuation Date	3-Apr-23
Underlying security spot price	\$0.515
Exercise price	\$0.6427
Expiry date	01-Jan-26
Remaining life of instrument (years)	2.75
Volatility	100%
Risk-free rate	2.980%
Dividend Yield	Nil

Valuation per Option	\$0.291
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- i. the Options will be issued to Mr Rule (or their nominee) 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 Performance Rights will be issued at one time.
- j. the issue price of the Options will be nil, as such no funds will be raised from the issue of the Performance Rights, however on exercise of any Options, the Company will receive \$0.6427 per Option;
- k. a summary of the material terms and conditions of the Awards Plan is set out in Schedule 1;
- l. no loan is being made to Mr Rule in connection with the acquisition of the Performance Rights;
- m. details of any Performance Rights 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; and
- n. any additional persons covered by Listing Rule 10.14 who become entitled to participate in an issue of Performance Rights under the Incentive Plan after Resolution 9 is approved and who were not named in this Notice will not participate until approval is obtained under Listing Rule 10.14.

### **Resolution 10 - Approval of potential termination benefit in relation to securities issued pursuant to the New Awards Plan**

Resolution 10 seeks Shareholder approval in accordance with Part 2D.2 of the Corporations Act (including sections 200B and 200E of the Corporations Act), Listing Rule 10.19 and for all other purposes, for the Company to give certain termination benefits to any person in connection with that person ceasing to be an officer of, or ceasing to hold a managerial or executive office in, the Company (or subsidiary of the Company) on the terms and conditions in this Explanatory Memorandum.

A benefit includes (among other things) automatic, or accelerated, vesting of share-based payments for a person or the exercise of discretion to allow a person to maintain a benefit they would not otherwise be entitled to retain, on, or as a result of, retirement from their position in the company. A benefit also includes the exercise of a Board discretion to accelerate vesting of share-based payments. Such share-based payments include (without limitation) New Awards Plan Options and/or Performance Rights which will be issued in future under the New Awards Plan (**Award**).

The New Awards Plan provides that if an Eligible Employee resigns (other than in circumstances of redundancy, mental illness, total and permanent disability, terminal illness or death), is dismissed from office for cause or poor performance, or in another circumstance determined by the Board (**Bad Leaver**):

- unvested Shares will be forfeited;
- unvested Options and Performance Rights will lapse; and
- vested Options and Performance Rights that have not been exercised will lapse on the date of cessation of employment or office,

unless the Board determines different treatment is warranted (subject to compliance with the Listing Rules and the Corporations Act).

If an Eligible Employee's employment or engagement with a Group Company ceases due to redundancy, mental illness, total and permanent disability, terminal illness or death or otherwise for reasons other than as a Bad Leaver (**Good Leaver**), unless the Board determines different treatment is warranted (subject to compliance with the Listing Rules and the Corporations Act):

- unvested Shares will be retained;

- unvested Options and Performance Rights will be retained; and
- vested Options and Performance Rights that have not been exercised will continue in force and remain exercisable, until the last exercise date determined by the Board or the New Awards Plan.

Despite the Bad Leaver and Good Leaver provisions of the New Awards Plan, the Board retains an overriding discretion to treat any vested or unvested Awards in any other way if the Board determines the relevant circumstances warrant such treatment.

The term “benefit” has a wide operation and would include any automatic and accelerated vesting of Options or Performance Rights on termination or cessation of employment in accordance with their terms. The exercise of this discretion by the Board may constitute a “benefit” for the purposes of section 200B of the Corporations Act and ASX Listing Rule 10.19. The Company is therefore seeking Shareholder approval for the exercise of the Board’s discretion in respect of any current or future participant in the New Awards Plan who holds:

- a managerial or executive office in, or is an officer of, the Company (or subsidiary of the Company) at the time of their leaving or at any time in the three years prior to their leaving; and
- Options or Performance Rights under the New Awards Plan at the time of their leaving.

The value of the termination benefits that the Board may give under the New Awards Plan cannot be determined in advance. This is because various matters will or are likely to affect that value. In particular, the value of a particular benefit will depend on factors such as the Company’s share price at the time of vesting and the number of Options or Performance Rights that will vest. The following additional factors may also affect the benefit’s value:

- the Eligible Employee’s length of service and the status of the vesting conditions attaching to the relevant Options or Performance Rights at the time the eligible person’s employment or office ceases;
- the number of unvested Options or Performance Rights that the Eligible Employee holds at the time they cease employment or office;
- the circumstances of, or reasons for the Eligible Employee, ceasing employment or engagement with the Company or its related bodies corporate and the extent to which they served the applicable notice period;
- any applicable performance measures and the achievement of such measures (and the personal performance and contributions of the Eligible Employee); and
- any changes in law between the date the Company or any of its related bodies corporate enter or entered into an agreement with Relevant Personnel and the date they cease appointment as Relevant Personnel.

## **Part 2D.2 of the Corporations Act**

Part 2D.2 of the Corporations Act restricts the benefits that can be given to persons who hold a “managerial or executive office” (as defined in the Corporations Act) on leaving their employment with the Company or any of its related bodies corporate, unless an exception applies.

Under section 200B of the Corporations Act, a company may only give a person a benefit in connection with their ceasing to hold a managerial or executive office in the company or a related body corporate if it is approved by shareholders under section 200E of the Corporations Act or an exemption applies.

Provided Shareholder approval is given, the value of the termination benefits may be disregarded when applying sections 200F(2)(b) or 200G(1)(c) of the Corporations Act (i.e. the approved benefit will not count towards the statutory cap under the legislation).

### **Listing Rule 10.19**

Listing Rule 10.19 provides that without shareholder approval, an entity must ensure that no officer of the entity or any of its child entities will be, or may be, entitled to termination benefits if the value of those benefits and the termination benefits that are or may become payable to all officers together exceed 5% of the equity interests of the entity as set out in the latest accounts given to ASX under the Listing Rules (**5% Threshold**). Accordingly, Shareholder approval is being sought on the basis that, if Resolution 2 is passed, officers of the Company may be entitled to termination benefits under the New Awards Plan which exceed the 5% Threshold.

Depending upon the value of the termination benefits (see above), and the equity interests of the Company at the time such benefits may crystallise, it is uncertain if the giving of the benefits would exceed the 5% Threshold. If such termination benefits crystallise, the Company will comply with Listing Rule 10.19.

If Resolution 10 is approved, the Company will be able to give termination benefits which may exceed the 5% Threshold to any current or future person holding a managerial or executive office in the Company or a related body corporate in connection with that person ceasing to hold that managerial or executive office in accordance with the rules of the New Awards Plan.

If Resolution 10 is not approved, the Company will not be able to give termination benefits to any current or future person holding a managerial or executive office in the Company or a related body corporate in connection with that person ceasing to hold that managerial or executive office in accordance with the rules of the New Awards Plan where those termination benefits exceed the 5% Threshold.

The Chairman intends to vote all available proxies in favour of this Resolution.

## GLOSSARY

**\$** means Australian dollars.

**Annual Report** means the annual report of the Company for the year ended 31 December 2022.

**Associate** has the meaning given to that term in the Listing Rules.

**ASX** means ASX Limited ABN 98 008 624 691 and, where the context permits, the Australian Securities Exchange operated by ASX Limited

**AWST** means western standard time as recognised in Perth, Western Australia.

**Auditor** means the Company's auditor from time to time (if any).

**Auditor's Report** means the report of the Auditor contained in the Annual Report for the year ended 31 December 2022.

**Board** means the board of Directors.

**Chair** or **Chairman** means the individual elected to chair any meeting of the Company from time to time in accordance with rule 5.7 of the Constitution.

**Closely Related Parties** has the meaning given in section 9 of the Corporations Act.

**Company** means Leo Lithium Limited ABN 70 638 065 068.

**Constitution** means the Company's constitution, as amended from time to time.

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

**Directors** means the directors of the Company.

**Explanatory Memorandum** means the explanatory memorandum accompanying this Notice.

**Key Management Personnel** means the key management personnel of the Company as defined in AASB Standard 124 (and includes each of the Directors)

**LTI 2023-2025** means the 2023-2025 long term incentive program.

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

**New Awards Plan or New Leo Lithium Awards Plan** means the Company's Employee Awards Plan as described in Resolution 5.

**Notice** or **Notice of Meeting** means this Notice of Annual General Meeting.

**Options** means an option to acquire Shares.

**Performance Rights** means a right to acquire Shares.

**Proxy Form** means the proxy form accompanying the Notice.

**Remuneration Report** means the remuneration report set out in the Annual Report for the year ended 31 December 2022.

**Resolution** means a resolution contained in the Notice.

**Restricted Voter** means Key Management Personnel and their Closely Related Parties as at the date of the Meeting.

**Shareholder** means a member of the Company from time to time.

**Shares** means fully paid ordinary shares in the capital of the Company.

**STI 2022** means the 2022 short term incentive program.

**STI 2023** means the 2023 short term incentive program.

## SCHEDULE 1 - SUMMARY OF NEW AWARDS PLAN

A summary of the key terms of the New Awards Plan are as follows:

Term	Description
Eligibility	Under the New Awards Plan, the Board may offer the opportunity to full-time or part-time employees, certain contractors or Directors of a relevant Leo Lithium group member (Group Company) ( <b>Eligible Employees</b> ) or their eligible nominees to participate in the Awards Plan and subscribe for such number of Awards (as defined below) as the Board may decide and on the terms set out in the rules of the Awards Plan. Where such person accepts the invitation, he or she will become a participant under the Awards Plan ( <b>Participant</b> ). Awards issued under the Awards Plan will be offered on the basis of the Board's view of the contribution of the Eligible Employee to a Group Company.
Awards	<p>The Company may offer or issue to Eligible Employees of the Company (or their nominated party):</p> <ul style="list-style-type: none"> <li>Options - an option granted pursuant to the rules of the Awards Plan to subscribe for one Share upon and subject to the rules of the Awards Plan and the terms of the offer;</li> <li>Performance Rights - conditional right issued to a participating Eligible Employee under the Awards Plan to receive a Share, subject to the terms of the offer and the rules of the Awards Plan; or</li> <li>Shares - fully paid ordinary shares in the Company,</li> </ul> <p>together, the <b>Awards</b>.</p>
Purpose	<p>The purpose of the Awards Plan is to:</p> <ul style="list-style-type: none"> <li>assist in the award, retention and motivation of Eligible Employees;</li> <li>link the reward of Eligible Employees to performance and the creation of Shareholder value;</li> <li>align the interests of Eligible Employees more closely with the interests of Shareholders by providing an opportunity for Eligible Employees to receive an equity interest in the form of Awards;</li> <li>provide Eligible Employees with the opportunity to share in any future growth in the value of the Company; and</li> <li>provide greater incentive for Eligible Employees to focus on the Company's long term goals.</li> </ul>
Price	The Board has discretion to determine the issue price and / or exercise price of the Awards.
Plan administration	The Board may appoint for the proper administration and management of the Awards Plan such persons it considers desirable as may be necessary. The Board may make regulations and establish procedures for the administration and management of the Awards Plan.
Vesting exercise Awards and of	<p>Awards may be issued subject to exercise conditions or performance hurdles, which must be satisfied (or waived) before either the Options can be exercised or the Performance Rights vest.</p> <p>The Awards held by a participating Eligible Employee will vest in and become exercisable upon satisfaction of the vesting conditions specified in the offer and in accordance with the rules of the Awards Plan. Vesting conditions may be waived at the discretion of the Board.</p>



Term		Description
Adjustment to terms of exercise	to of	<p>The Board will have the power to make adjustments to or vary the terms of exercise of an Option or a Performance Right, including reducing or waiving the vesting conditions in whole or part at any time and in any particular case. All variations or adjustments will be subject to the requirements of the Corporations Act and/or the Listing Rules (including shareholder approval).</p> <p>No adjustment or variation to the terms of exercise of an Option or Performance Right will be made without the consent of the Participant who holds the relevant Option or Performance Right if such adjustment or variation would have a materially prejudicial effect upon the Participant, other than an adjustment or variation introduced primarily:</p> <ul style="list-style-type: none"> <li>• for the purpose of complying with or conforming to present or future applicable laws governing or regulating the maintenance or operation of the Awards Plan or like plans;</li> <li>• to correct any manifest error or mistake; or</li> <li>• to enable a member of the Group to comply with the Corporations Act, the Listing Rules, applicable foreign law, or a requirement, policy or practice of the ASIC or other foreign or Australian regulatory body.</li> </ul>
No hedging		A Participant may not enter into any arrangement for the purpose of hedging or otherwise affecting their economic exposure to any unvested Shares.
Lapse of Performance Rights	of	<p>A Performance Right will not vest and will lapse if:</p> <ul style="list-style-type: none"> <li>• the vesting conditions attaching the Performance Rights have not been satisfied, reached or met in accordance with its terms or is not capable of being satisfied, reached or met; or</li> <li>• the person ceases to be employed by the Company or ceases to hold office in the Company, subject to certain exceptions.</li> </ul>
Ranking Shares	of	Unless otherwise determined by the Board at the time of an offer, all Shares issued pursuant to the offer will rank equally with existing Shares on and from their date of issue.
Transfer restrictions		Subject to the Listing Rules, the Company must refuse to register a paper-based transfer, and must apply or cause to be applied a holding lock to prevent a transfer, of any Shares to which share vesting conditions attach, and the Board on behalf of the Company may take any other steps that it considers necessary or appropriate, to enforce and give effect to any dealing restrictions under the share vesting conditions.
Change control	of	In the event a takeover bid is made to acquire all of the issued Shares, or a scheme or arrangement, selective capital reduction or other transaction is initiated which has an effect similar to a full takeover bid, all unvested Shares, Options and Performance Rights will vest and become immediately exercisable with such vesting deemed to have taken place immediately prior to the effective date of the change of control event, regardless of whether or not the employment, engagement or office of the Participant is terminated or ceases in connection with the change of control event.
Cashless exercise		<p>In lieu of paying the aggregate exercise price to purchase Shares, the board may permit a Participant to elect to receive, without payment of cash or other consideration, upon surrender of the applicable portion of exercisable Options or Performance Rights to the Company, a number of Shares determined in accordance with the following formula:</p> $A = \frac{B(C - D)}{C}$

Term	Description
	<p>where:</p> <p>A = the number of Shares (rounded down to the nearest whole number) to be issued to the Participant;</p> <p>B = the number of Shares otherwise issuable upon the exercise of the Option or Performance Right (as applicable) or portion of the Option or Performance Right (as applicable) being exercised;</p> <p>C = the market value of one Share determined as of the date of delivery to the Company secretary of:</p> <ul style="list-style-type: none"> <li>the certificate of the Options of Performances Rights;</li> <li>a notice of exercise of an Option or Performance Right signed by the Participant; and</li> </ul> <p>D = the exercise price.</p>
Appointment of trustee	<p>The Board may at any time:</p> <ul style="list-style-type: none"> <li>appoint a trustee on any terms and conditions to do all such things and perform all such functions to operate and administer the Awards Plan, including to acquire and hold Shares on behalf of Participants, for transfer to future Participants or otherwise for the purposes of the Awards Plan; and</li> <li>establish a trust for the above purpose.</li> </ul>
Adjustments	<p>If there is a reorganisation of the issued share capital of the Company (including a consolidation, sub-division or reduction of capital or return of capital to Shareholders), then the rights of the Participant will be adjusted in a manner required by the Listing Rules.</p>
Variation of Share Capital	<p>If there is a reorganisation of the issued capital of the Company (including a consolidation, subdivision, reduction or return) then the rights of a Participant (including the number of Options or Performance Rights to which each Participant is entitled and the exercise price of the Option or Performance Right) will be changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.</p>
Amendments to the Plan	<p>Subject to the Listing Rules, the Board may amend all or any provisions of the rules in the Awards Plan, by an instrument in writing, provided that rights or entitlements in respect of any Share, Option or Performance Right granted before the date of amendment will not be reduced or adversely affected unless prior written approval from the affected Participant(s) is obtained.</p>

## SCHEDULE 2 - OUTLINE OF INCENTIVE PROGRAMMES AND TERMS OF PERFORMANCE RIGHTS

### LONG TERM INCENTIVE - LTI 2023 (RESOLUTION 6)

The framework for the Company's Long Term Incentive Remuneration Policy is based on the following key principles which apply to the grant of long term incentives:

- The vesting of long term incentives will be subject to performance measured against long term internal Company hurdles and shareholder return hurdles (see vesting condition 3 below for further details on performance hurdles).
- Vesting will be measured at the end of a minimum three year period (in this instance, being 1 January 2023 to 31 December 2025).
- Long term incentives are to be granted annually and will be a percentage amount of TFR. The percentage amount is to be reviewed at each grant and determined based on market and peer group practice. Currently for Mr Hay maximum number of Performance Rights granted is 100% of TFR.
- The market value used by the Company, for the purposes of calculating the quantity of Performance Rights that may be converted to Shares is the volume weighted average market price (VWAP) per Share for the over 20 trading days finishing on and including 31 December 2022, being AUD 0.4944.

#### FY23 LONG TERM INCENTIVE VESTING CONDITIONS

**Vesting Condition 1** Achievement of board approved Project schedule and budget for first production from the Goulamina Lithium Project, Stage 1.

**Weighting** 20% of the total number of Performance Rights granted

Vesting Schedule	Performance Level	Date	Award Outcome
	Maximum	If on or before 28 February 2024	100%
	Target	If on or before 30 April 2024	75%
	Threshold	If on or before 30 June 2024	50%
	Below threshold	If after 1 September 2024	Zero
Linear scale for achievement dates between performance levels			

**Vesting Date** Determined at the end of the performance period and approved by the Board, indicatively February 2026.

**Vesting Condition 2** Ramp up Stage 1 Production on schedule. Goulamina Lithium Project Stage 1 production rate to achieve nameplate across a 30 day period

**Weighting** 30% of the total number of Performance Rights granted

Vesting Schedule	Performance Level	Date	Award Outcome
	Maximum	by 28 Feb 2025	100%
	Target	by 31 May 2025	75%
	Threshold	by 30 September 2025	50%
	Below threshold	if later than Sept 2025	Zero
Linear scale for achievement dates between performance levels			

<b>Vesting Date</b>	Determined at the end of the performance period and approved by the Board, indicatively February 2026.	
<b>Vesting Condition 3</b>	<p>Measurement of Leo Lithium's Relative Total Shareholder Return (RTSR)<sup>1</sup>. The Total Shareholder Return (TSR) for Leo and the Comparator Group, listed below, will be measured over three years from 1 January 2023 to 31 December 2025.</p> <p>Share price appreciation of 40% over the three year period must be achieved as a minimum. The baseline is Leo Lithium's share price as at 31 December 2022.</p>	
<b>Weighting</b>	50% of the total number of Performance Rights granted	
<b>Vesting Schedule</b>	At or above 75th percentile	100%
	Between the 50th and 75th percentile	Progressive pro-rata vesting between 50% to 100%
	Below the 50th percentile	Nil
<b>Vesting Date</b>	Determined at the end of the performance period and approved by the Board, indicatively February 2026.	

RTSR means the relative Total Shareholder Return of Leo measured against a comparator group of companies determined by the Leo Board, set out below.

Comparator Group	
Argosy Minerals Limited	Lake Resources NL
Atlantic Lithium Limited	Liontown Resources Limited
Core Lithium Limited	Lithium Americas Corp.
Critical Elements Lithium Corp.	Piedmont Lithium Inc.
Frontier Lithium Inc	Sayona Mining Limited
Galan Lithium Limited	Sigma Lithium Corp.
Global Lithium Resources Limited	Vulcan Energy Resources Limited
Ioneer Limited	

Subject to the requirements of applicable law and the ASX Listing Rules, the Leo Board reserves the right to modify or replace the measures as defined above with a more suitable measure where such modification or amendments is necessary to reflect a material change in the strategy or direction of the Company during the vesting period.

## STI 2023 PERFORMANCE RIGHTS (RESOLUTION 7)

The following provides a general summary of the factors that the Board will use to determine the number of 2023 STI Performance Rights that should vest and their relative weighting, with a total target weighting of 30% of TFR but with Stretch potential of up to 50% of total weighting. STI outcomes are based off a weighted average of 60% of the Corporate scorecard and 40% off the Individual scorecard with the Board determining stretch performance.

## Corporate Scorecard (60%)

	<b>Sustainability</b>	<b>Goulamina</b>	<b>Operations</b>	<b>Growth</b>
<b>Objective</b>	Develop and implement plans to maintain social licence to operate	Execute 2023 project activities on budget and schedule	Prepare for the operational phase and complete DSO shipments	Establish a foundation for future growth at Goulamina and beyond
<b>Weighting</b>	15%	45%	25%	15%

Individual Scorecard (40%) - Personal KPIs - execution of strategic value-adding drivers as determined by the Board

## STI 2022 OVERVIEW (RESOLUTION 8)

The STI 2022 performance metrics used span across key focus areas of the business (sustainability, capacity, value and growth). The primary purpose of the STI is to incentivise executives to achieve the annual STI performance objectives set in the annual Corporate Scorecard and individual performance objectives for the year. The STI corporate performance objectives and individual objectives clearly set out the annual performance targets required from executives. Achievement of the corporate scorecard objectives and Mr Hay's individual objectives is determined by the Board at the end of the annual period. The STI comprises an annual award which is measured over a 12-month performance period and is payable in 100% equity to Mr Hay.

The performance targets are contained in a balanced scorecard with financial and non-financial measures, as well as a mixture between corporate and individual measures. At the Boards' absolute discretion, in the event of a major incident which results in a fatality, significant injury or reputational damage, the Board may decide to make no or partial payment under the STI plan. Mr Hay's maximum STI allocation for 2022 was 50% of his TFR. The share price used to determine the allocation was \$0.4953, the 20 day volume weighted average share price for the 20 trading days following the Company's quotation of its Shares on ASX.

## STI 2022 SCORECARDS

The following provides a general summary of the factors that the Board used to determine the number of 2022 STI Performance Rights that should be awarded and their relative weighting, with a total target weighting of 30% of TFR but with Stretch potential of up to 50% of total weighting. STI outcomes are based off a weighted average of 60% of the Corporate scorecard and 40% off the Individual scorecard.

### Corporate Scorecard

	<b>Sustainability</b>	<b>Capacity</b>	<b>Value</b>	<b>Growth</b>
<b>Objective</b>	Develop and implement plans to maintain social licence to operate	Build & enhance Leo's corporate capacity across people, finance and stakeholder functions	Execute project activities on budget and schedule	Establish a foundation for future growth at Goulamina and beyond
<b>Weighting</b>	20%	15%	50%	15%

## Individual Scorecard

	<b>Sustainability</b>	<b>Capacity</b>	<b>Value</b>	<b>Growth</b>
<b>Objective</b>	Safety performance, community and development program and long-term stakeholder relationships	Capable executive and project leadership team, remuneration system, funding and investor relations	Project activities on plan, early mobilisation. Secure port access and storage and identify contingency transport routes	Progress plans for future growth at Goulamina and beyond
<b>Weighting</b>	20%	15%	50%	15%

The outcome of the STI 2022 allocation was a Corporate Scorecard outcome of 92.8%, an individual scorecard outcome of 101.75% and a weighted total outcome of 108.4%. This outcome represented 64% of the maximum STI 2022 opportunity.

The terms and conditions of Performance Rights to be issued to Simon Hay are set out below:

- (a) Each Performance Right entitles the holder to be issued one Share, subject to the satisfaction of vesting conditions on or before the expiry date (as set out below) and the terms and conditions below and in the Awards Plan
- (b) The STI 2022 Performance Rights will expire on 31 August 2023, The STI 2023 Performance Rights will expire on 31 August 2024 and the LTI 2023 Performance Rights will expire on 31 August 2026.
- (c) The performance period for 2022 STI is from 10 January 2022 to 31 December 2022, for 2023 STI is from 1 January 2023 to 31 December 2023 and for 2023 LTI is 1 January 2023 to 31 December 2025.
- (d) The Performance Rights are not transferable, do not confer any right to vote, do not confer any entitlement to a dividend, do not confer any right to a return of capital, do not confer any right to participate in the surplus profit or assets upon a winding up and do not confer any right to participate in new issues of securities such as bonus issues or entitlement issues.
- (e) The terms of the Performance Rights are otherwise as set out in the New Awards Plan, as summarised in Schedule 1 to this Explanatory Memorandum.

### SCHEDULE 3 - OPTIONS TERMS - ALAN RULE

The terms and conditions of the Company Options to be issued to Alan Rule are as follows:

- (f) Each Company Option entitles the holder to subscribe for and be issued one Share.
- (g) On issue of the Company Options a holding statement or certificate will be issued by the Company for the Company Options.
- (h) The exercise price payable for each Company Option is \$0.6427 (**Exercise Price**).
- (i) The Exercise Price is payable in cash.
- (j) The Options will vest on the date that represents 30 months of continuous service following the appointment of Alan Rule as a Director (**Vesting Date**).
- (k) The Company Options shall expire at 5.00pm (AWST) on the day which is the earlier of the following:
  - (i) three years after the appointment of Alan Rule as a Director; or
  - (ii) the lapse of the Options pursuant to the Awards Plan,  
  
(**Expiry Date**).
- (l) The Company Options may be exercised, in whole or in part, at any time after the Vesting Date and on or before the Expiry Date by:
  - (i) lodging with the Company a notice of exercise signed by the holder (**Notice of Exercise**) for a parcel of not less than one thousand (1,000) Company Options except that if the holder holds less than one thousand (1,000) Company Options then such Company Options may be exercised; and
  - (ii) paying the Company the Exercise Price in respect of the Company Options specified in the Notice of Exercise.
- (m) An exercise of Company Options will only be valid and effective once the Company has received, in cleared funds, the full amount of the Exercise Price payable and after the other matters have been complied with pursuant to this clause.
- (n) A Notice of Exercise, once lodged with the Company, is irrevocable and by giving a Notice of Exercise the holder agrees:
  - (i) to subscribe for that number of Shares equivalent to the number of Company Options exercised in the Notice of Exercise; and
  - (ii) to be bound by the Company's constitution on the issue of Shares.
- (o) The Company must:
  - (i) issue the Shares pursuant to the exercise of Company Options;
  - (ii) apply for official quotation on ASX of all Shares issued pursuant to the exercise of any Company Options,  
  
within five (5) business days after the valid exercise of the Company Options.
- (p) All Shares issued pursuant to the exercise of any Company Options will rank *pari passu* in all respects with the Company's then existing Shares.
- (q) On a Company Option expiring, all rights of the holder in respect of the Company Option cease and no consideration or compensation will be payable for or in relation to that expired Company Option.
- (r) If the holder exercises only some of the Company Options held, the Company must issue (or cause to be issued) a holding statement or certificate or other appropriate evidence of title for each remaining Company Option held by the holder.

- (s) The Company Options will not be listed on the ASX.
- (t) There are no participating rights or entitlements inherent in the Company Options and holders will not be entitled to participate in new issues of capital offered to Shareholders prior to the Expiry Date. However, if from time to time on or prior to the Expiry Date the Company makes an issue of new Shares to Shareholders, the Company will announce the issue to ASX prior to the record date in accordance with the requirements of the ASX Listing Rules. This will give holders the opportunity to exercise their Company Options prior to the date for determining entitlements to participate in any such issue.
- (u) If the Company makes a pro rata issue (except a bonus issue), and that pro rata offer is announced by the Company after the date of issue of the Company Options, the Exercise Price of the Company Options will be reduced in accordance with the ASX Listing Rules according to the formula in Listing Rule 6.22.2 as follows:

$$O' = O - \frac{E[P - (S + D)]}{N + 1}$$

Where:

- O' = the new exercise price of the Company Option;
  - O = the old exercise price of the Company Option;
  - E = the number of underlying securities into which one Company Option is exercisable;
  - P = the volume weighted average market price per security of the underlying securities during the five trading days ending on the day before the ex-right date or the ex-entitlements date for the relevant pro rata offer;
  - S = the subscription price for new Shares issued under the pro rata issue;
  - D = any dividends due but not yet paid on the existing Shares (except those to be issued under the pro rata issue); and
  - N = the number of securities with rights or entitlements that must be held to receive a right to one new security.
- (v) There is no right to a change in the Exercise Price or to the number of Shares over which the Company Options are exercisable in the event of a bonus issue to shareholders prior to the Expiry Date.
  - (w) In the event of any reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Company, the rights of the holder will be treated in the manner prescribed by the ASX Listing Rules applying to reconstructions at that time.
  - (x) Company Options are not transferable.
  - (y) The Company Options are otherwise issued in accordance with the terms of the Awards Plan. To the extent there is any inconsistency with the terms of the Company Options and the terms of the Awards Plan, the terms of the Awards Plan will prevail.