



This document is important and requires your immediate attention.

**Aerometrex Limited
ACN 153 103 925**

Notice of Annual General Meeting and Explanatory Statement

The Annual General Meeting of Aerometrex Ltd will be held at ibis Adelaide (The Junction Room), 122 Grenfell St, Adelaide SA 5000 at 9:30 am (Adelaide time) on Thursday 23 November 2023.

Further information regarding participation in the meeting is set out on page 2 of this document.



Contents

- A. Notice of Annual General Meeting
- B. Explanatory Statement
- C. Proxy form

Important note

This booklet sets out information to assist Shareholders to assess the resolutions to be considered at the Annual General Meeting.

You should read this information carefully and in its entirety before making a decision as to how to vote at the Annual General Meeting. No responsibility is taken for the contents of this booklet by ASIC, ASX or any of their officers.

If you do not fully understand the contents of this information you should consult your financial or legal adviser for assistance.

A Notice of Annual General Meeting and Proxy Form are included in/with this booklet. Shareholders are urged to complete the online proxy at www.investorvote.com.au or return the enclosed Proxy Form as soon as possible, irrespective of whether or not they intend to attend the Annual General Meeting.

Questions

If you have any queries regarding the contents of this booklet or in relation to the Annual General Meeting, please contact the Company Secretary, Ms Kaitlin Smith, on (08) 8232 8800. Questions may also be submitted by emailing investorrelations@aerometrex.com.au or by submitting an online question when lodging your proxy vote online at www.investorvote.com.au.

How to participate in the AGM

The Annual General Meeting of the Shareholders of Aerometrex Limited (**Company**) will be held at ibis Adelaide (The Junction Room), 122 Grenfell St, Adelaide SA 5000 **commencing at 9:30 am** (Adelaide time) on Thursday, 23 November 2023.

How to submit your vote in advance of the meeting

Voting by Proxy

To be valid, your Proxy Form (and any power of attorney under which it is signed) must be received at an address given below by 9.30am (Adelaide time) on Tuesday 21 November 2023. Any Proxy Form received after that time will not be valid for the Annual General Meeting as scheduled.

- | | |
|-------------------------|--|
| Online | At www.investorvote.com.au |
| By mail | Share Registry – Computershare Investor Services Pty Limited, GPO Box 242, Melbourne Victoria 3001, Australia |
| By fax | 1800 783 447 (within Australia)
+61 3 9473 2555 (outside Australia) |
| Custodian voting | For Intermediary Online subscribers only (custodians) please visit www.intermediaryonline.com to submit your voting intentions |



Aerometrex Limited
ACN 153 103 925

Notice of Annual General Meeting

Notice is given that the Annual General Meeting of Shareholders of Aerometrex Ltd for 2023 will be held at ibis Adelaide (The Junction Room), 122 Grenfell St, Adelaide SA 5000 at 9:30 am (Adelaide time) on Thursday, 23 November 2023.

Agenda

The Explanatory Statement that accompanies and forms part of this Notice of Annual General Meeting describes the business to be transacted at the Annual General Meeting.

Ordinary Business

Financial Statements and Reports

To receive and consider the annual financial report of the Company, together with the declaration of the Directors, the reports of the Directors and of the Auditor and the Remuneration Report for the financial year ended 30 June 2023.

Resolution 1 – Adoption of Remuneration Report

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

“That, for the purposes of Section 250R (2) of the Corporations Act and for all other purposes, the Remuneration Report as contained in the Company’s annual financial report for the year ended 30 June 2023 be adopted.”

Please note that pursuant to Section 250R(3) of the Corporations Act, the vote on this Resolution is advisory only and does not bind the Directors or the Company.

Voting Prohibition Statement

A vote on this Resolution must not be cast (in any capacity), and the Company will disregard any votes cast on this Resolution by or on behalf of either of the following persons:

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

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

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



Resolution 2 – Re-Election of Director – Dr Peter Foster

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

“That, for the purpose of ASX Listing Rule 14.4 and article 50.1(c) of the Constitution and for all other purposes, Dr. Peter Foster, who retires by rotation in accordance with article 50.1(c) of the Constitution, and being eligible and offers himself for re-election, be re-elected as a Director.”

Resolution 3 – Approval to issue Performance Rights to Managing Director Steve Masters

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

“That, for the purposes of Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 919,457 Performance Rights to Mr Steve Masters (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement:

In accordance with Listing Rule 14.11, the Company will disregard any votes cast in favour of this Resolution by or on behalf of Steve Masters (or his nominee) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person or those persons.

However, the Company need not disregard a vote cast in favour of this Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with 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.

Voting Prohibition Statement

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

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

However, the above prohibition does not apply if:

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



Other Business

In accordance with section 250S(1) of the Corporations Act, Shareholders are invited to ask questions about or make comments on the management of the Company and to raise any other business which may lawfully be brought before the Annual General Meeting.

By order of the Board

A handwritten signature in black ink, appearing to read 'Kaitlin Smith'.

Kaitlin Smith
Company Secretary
Dated: 20 October 2023



Explanatory Statement

1. General Information

This Explanatory Statement and all attachments are important documents. They should be read carefully.

This Explanatory Statement has been prepared for the Shareholders of Aerometrex Ltd (**Company**) in connection with the Annual General Meeting of the Company to be held at ibis Adelaide (The Junction Room), 122 Grenfell St, Adelaide SA 5000 at 9:30 am (Adelaide time) on Thursday, 23 November 2023.

The purpose of this Explanatory Statement is to provide Shareholders with the information known to the Company that the Board considers material to their decision on whether to approve the Resolutions in the accompanying Notice. This document is important and should be read in conjunction with all of the information contained in this booklet, including the Notice. Capitalised terms in this Explanatory Statement are defined in the Glossary.

Proxies

Please note that: (a) a Shareholder entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy; (b) a proxy need not be a member of the Company; (c) a Shareholder may appoint a body corporate or an individual as its proxy; (d) a body corporate appointed as a Shareholder's proxy may appoint an individual as its representative to exercise any of the powers that the body may exercise as the Shareholder's proxy; and (e) Shareholders entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed proxy form provides further details on appointing proxies and lodging proxy forms. If a Shareholder appoints a body corporate as its proxy and the body corporate wishes to appoint an individual as its representative, the body corporate should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative. The authority may be sent to the Company or its share registry in advance of the Annual General Meeting.

To vote by proxy, please complete and sign the Proxy Form and return it so that it is received by no later than 9:30am (Adelaide time) on Tuesday 21 November 2023 in accordance with the instructions set out on the Proxy Form. Proxy Forms received later than this time will be invalid.

Alternatively, you may appoint a proxy using an electronic facility available at the website www.investorvote.com.au. At the website, shareholders will be able to view an electronic version of the proxy form, which will accept proxy appointments and register them accordingly.

Voting entitlements

In accordance with Regulation 7.11.37 of the *Corporations Regulations* 2001, the Board has determined that a person's entitlement to vote at the Annual General Meeting will be the entitlement of that person set out in the register of Shareholders as at 7:00pm (Adelaide time) on Tuesday 21 November 2023. Accordingly, transactions registered after that time will be disregarded in determining Shareholders' entitlements to attend and vote at the Annual General Meeting.



2. Financial Statements and Reports

In accordance with the Corporations Act and the Constitution, the business of the Annual General Meeting will include the receipt and consideration of the annual financial report of the Company for the year ended 30 June 2023, together with the related Directors' report, Directors' declaration, the Remuneration Report and Auditors' report. This item of business is intended to provide an opportunity for Shareholders to raise questions on the reports themselves and on the performance of the Company generally. No resolution need be put to the meeting in relation to these items.

The Company will not provide a hard copy of the Company's annual financial report to Shareholders unless specifically requested to do so. The Company's annual financial report is available on its website at <https://aerometrex.com.au/>.

As a Shareholder, you are entitled to submit a written question to the Auditor prior to the Annual General Meeting provided that the question relates to:

- the content of the Auditor's report; or
- the conduct of the audit in relation to the financial report.

All written questions must be received by the Company no later than 5.00pm (Adelaide time) on Thursday, 16 November 2023.

All questions must be sent to the Company and may not be sent to the Auditor. The Company will then forward all questions to the Auditor.

The Auditor will be present at the Annual General Meeting and Shareholders will have the opportunity to ask the Auditor questions in relation to the conduct of the audit, the Auditor's report, the Company's accounting policies, and the independence of the Auditor.

3. Resolution 1 – Adoption of Remuneration Report

Section 250R(2) of the Corporations Act requires a listed company to put to its shareholders (at its annual general meeting) a resolution that the remuneration report be adopted. Such a resolution is advisory only and does not bind the Directors or the Company.

The Remuneration Report sets out the Company's remuneration arrangements for the Directors and senior management of the Company. The Remuneration Report is part of the Directors' report contained in the annual financial report of the Company for the financial year ending 30 June 2023.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the Annual General Meeting. Notwithstanding the advisory effect of Resolution 1, the Board will consider the outcome of the vote made by the Shareholders with regard to the Remuneration Report at the Annual General Meeting when reviewing the Company's remuneration policies.

Although the effect of Resolution 1 is advisory only, under the "two strikes" rule, companies will be required to put a resolution to shareholders to hold fresh elections for directors if, at two consecutive annual general meetings, at least 25% of the votes cast on a resolution (such as Resolution 1) to adopt the remuneration report are cast against that resolution. If required, a spill resolution must be put to vote at the second of those annual general meetings.

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



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

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

Previous voting results

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

Recommendation

Given the interest in this matter of each Director, the Board does not consider it appropriate to make a recommendation on this resolution.

The Chair intends to vote undirected proxies in favour of Resolution 1.

4. Resolution 2 – Re-Election of Director – Dr Peter Foster

Listing Rule 14.4 provides that, other than a managing director, a director of an entity must not hold office (without re-election) past the third annual general meeting following the director's appointment or three years, whichever is the longer. Article 50 of the Constitution require that one third of the Directors (or, if their number is not multiple of 3, then the number nearest to but not exceeding one third) who have been the longest in office since being appointed or re-appointed being the Director(s) who must retire in any one year.

The Constitution ensures that no Director is able to remain in office for longer than 3 years without standing for re-election. Each Director is entitled to offer himself/herself for re-election as a Director at the Annual General Meeting which coincides with his/her retirement.

The Managing Director (if any) is exempt by his office as managing director from the requirement to retire by rotation.

Dr Foster, who has served as a Director since 15 October 2019 and was last re-elected on 4 November 2020, retires by rotation (in accordance with the requirements of the Constitution) at the Annual General Meeting. As he is entitled and eligible for re-election, he seeks re-election as a Director at the Annual General Meeting.

Dr Foster has extensive business experience across a variety of industries. He is a creative entrepreneur with wide-ranging experience in developing innovating technologies for global markets. Dr Foster has founded and grown numerous technology and commercial ventures and holds over 40 international patents in optics and precision electronics. He has also held senior scientific positions with a local medical laser manufacturer and with the Department of Metallic materials, University of Bayreuth, Germany, and has delivered intensive courses on startups and technology commercialisation for the University of Adelaide. Peter holds several private company directorships across a diverse range of industries and recently stepped down from the board of VivoSense, a San Diego based pharmaceutical services company, after guiding its recent capital raise. Peter remains a board observer, mentor to the CEO and leads its commercial advisory board whose members are located across the US.

If re-elected the Board considers Dr Foster will be an independent Director.

Voting Recommendation

The Board has reviewed Dr Foster's performance since his appointment to the Board and considers that his skills and experience will continue to enhance the Board's ability to perform its role. Accordingly, the Directors (with Dr Foster abstaining) recommend that Shareholders vote in favour of Resolution 2.



The Chair intends to vote undirected proxies in favour of Resolution 2.

5. Resolution 3 – Approval to issue Performance Rights to Managing Director Steve Masters

General

The Company has agreed, subject to obtaining Shareholder approval, to issue an aggregate of 919,457 Performance Rights (Rights) to Mr Masters (or his nominees) on the terms and conditions set out below.

Resolution 3 seeks Shareholder approval for the issue of the Rights to the Mr Masters (or his nominee) as a related party of the Company.

Chapter 2E of the Corporations Act

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

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

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

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

The Directors (other than Mr Masters who has a material personal interest in the Resolution) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the grant of Rights because the agreement to issue the Rights, reached as part of the remuneration package for Mr Masters is considered reasonable remuneration in the circumstances and was negotiated on an arm's length basis.

Listing Rule 10.11

Listing Rule 10.11 provides that unless one of the exceptions in Listing Rule 10.12 applies, a listed company must not issue or agree to issue equity securities to:

- 10.11.1 a related party;
- 10.11.2 a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (30%+) holder in the company;
- 10.11.3 a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (10%+) holder in the company and who has nominated a director to the board of the company pursuant to a relevant agreement which gives them a right or expectation to do so;
- 10.11.4 an associate of a person referred to in Listing Rules 10.11.1 to 10.11.3; or
- 10.11.5 a person whose relationship with the company or a person referred to in Listing Rules 10.11.1 to 10.11.4 is such that, in ASX's opinion, the issue or agreement should be approved by its shareholders, unless it obtains the approval of its shareholders.

The issue of Rights falls within Listing Rule 10.11.1 and does not fall within any of the exceptions in Listing Rule 10.12. It therefore requires the approval of Shareholders under Listing Rule 10.11.



Resolution 3 seeks the required Shareholder approval for the issue of the Rights under and for the purposes of Listing Rule 10.11.

Technical information required by Listing Rule 14.1A

If Resolution 3 is passed, the Company will be able to proceed with the issue of the Rights to Mr Masters within one month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules). As approval pursuant to Listing Rule 7.1 is not required for the issue of the Rights (because approval is being obtained under Listing Rule 10.11), the issue of the Rights will not use up any of the Company's 15% annual placement capacity.

If Resolution 3 is not passed, the Company will not be able to proceed with the issue of the Rights and may be required to provide Mr Masters an alternative form of remuneration such as cash.

Technical Information required by Listing Rule 10.13

Pursuant to and in accordance with Listing Rule 10.13, the following information is provided in relation to Resolutions 3:

- (a) the Rights will be issued to Steve Masters (or his nominee) who falls within the category set out in Listing Rule 10.11.1 as Mr Masters is a related party of the Company by virtue of being Director;
- (b) the maximum number of Rights to be issued to Mr Masters is 919,457 Rights;
- (c) the terms and conditions of the Rights are set out in Schedule 1;
- (d) the Rights will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that issue of the Rights will occur on the same date;
- (e) the issue price of the Rights will be nil. The Company will not receive any other consideration in respect of the issue of the Rights;
- (f) the purpose of the issue of the Rights is to provide a performance linked incentive component in the remuneration package for Mr Masters, to motivate and reward his performance in his role as Managing Director and to provide a cost effective way for the Company to remunerate Mr Masters, which will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to Mr Masters;
- (g) the current total remuneration package for Mr Masters is \$520,000. If the Rights are issued, the total remuneration package of Mr Masters will increase by \$318,500 to \$838,500, being the value of the Rights (based on valuation of the Rights set out in Schedule 2);
- (h) the Rights are being issued to Mr Masters under Mr Masters' employment contract. A summary of the material terms of the employment contract is set out in Schedule 3; and
- (i) a voting exclusion statement is included in Resolution 3 of the Notice.

Voting Recommendation

The Directors (Mr Masters Abstaining) support the approval of Rights to Mr Steve Masters and recommend that Shareholders vote in favour of Resolution 3.

The Chair intends to vote undirected proxies in favour of Resolution 3.



Glossary

In this Notice of Annual General Meeting and Explanatory Statement the following terms have the following meaning unless the context otherwise requires:

\$ means Australian dollars.

Annual General Meeting means the annual general meeting of the Company the subject of the Notice of Annual General Meeting.

ASIC means the Australian Securities & Investments Commission.

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

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

Auditor means the auditor of the Company, Grant Thornton.

Board means the board of Directors.

Chair means the person appointed to chair the Annual General Meeting.

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

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

Company means Aerometrex Ltd (ACN 153 103 925).

Constitution means the Company's constitution.

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

Director means a director of the Company and **Directors** has a corresponding meaning.

Eligible Participant means a person that is a 'primary participant' (as that term is defined in Division 1A of Part 7.12 of the Corporations Act) in relation to the Company or an Associated Body Corporate (as defined in the Corporations Act) and has been determined by the Board to be eligible to participate in the Plan from time to time.

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

Key Management Personnel has the same meaning as in the accounting standards and broadly includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

Notice or **Notice of Annual General Meeting** means the notice of Annual General Meeting.

Proxy Form means the proxy form **attached** to the Notice of Annual General Meeting.

Remuneration Report means that section of the Directors' Report under the heading "Remuneration Report" set out in the Company's annual report for the year ended 30 June 2023.

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

Security means a Share, Option or Performance Right as the context requires.

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

Shareholder means a shareholder of the Company.



SCHEDULE 1

TERMS AND CONDITIONS OF RIGHTS

The Company has agreed, pursuant to Mr Masters' employment contract and subject to Shareholder approval (the subject of Resolution 3), to grant 919,457 Performance Rights (**Rights**) to Managing Director Mr Steve Masters on the following terms and conditions:

(a) **Performance Milestone Conditions and Vesting Dates**

The Rights shall be subject to meeting Performance Milestone Conditions (**Milestones**) set by the Board and continuity of services and shall have the following **Vesting Dates**:

Milestone Conditions	Vesting Date	Number of Rights
Rights to vest immediately on grant	nil	168,880
Rights to vest on 14 February 2025	14 February 2025	750,577

(b) **Notification to holder**

The Company shall notify the holder in writing when the relevant Milestone has been satisfied.

(c) **Conversion**

Subject to paragraph (p), upon satisfaction of the applicable Milestone, and the issue of the notice referred to in paragraph (b) above, each Right will automatically convert into one Share.

(d) **Conversion on change of control**

Subject to paragraph (o) below and notwithstanding the relevant Milestone has not been satisfied, upon the occurrence of either:

- (i) a takeover bid under Chapter 6 of the Corporations Act 2001 (Cth) having been made in respect of the Company having received acceptances for more than 50% of the Company's Shares on issue and being declared unconditional by the bidder; or
- (ii) a Court granting orders approving a compromise or arrangement for the purposes of or in connection with a scheme of arrangement for the reconstruction of the Company or its amalgamation with any other company or companies,

the Rights shall automatically convert into Shares, provided that if the number of Shares that would be issued upon such conversion is greater than 10% of the Company's Shares on issue as at the date of conversion, then that number of Rights that is equal to 10% of the Company's Shares on issue as at the date of conversion under this paragraph will automatically convert into an equivalent number of Shares. The conversion will be completed on a pro rata basis across each class of Rights then on issue as well as on a pro rata basis for each holder of Rights. Rights that are not converted into Shares under this paragraph will continue to be held by the holders on the same terms and conditions.

(e) **Lapse of a Performance Right**

Any Right that has not been converted into a Share prior to the Vesting Date specified in paragraph (a) will automatically lapse. For the avoidance of doubt, a Right will not lapse in the event a relevant Milestone is met before the Vesting Date and the Shares the subject of a conversion are deferred in accordance with paragraph (o) below.



(f) **Fraudulent or dishonest action**

If the holder ceases to be an employee or Director of the Company in circumstances where the cessation or termination is specifically referenced to the holder having been found to have acted fraudulently or dishonestly in the performance of his or her duties, then:

- (i) the Board must deem any Rights of the holder to have immediately lapsed and be forfeited; and
- (ii) any Rights that have vested will continue in existence in accordance with their terms of issue only if the relevant Milestone has previously been met, and any Shares issued on satisfaction of the applicable Milestone will remain the property of the holder.

(g) **Ceasing to be an employee or Director**

If the holder ceases to be an employee or Director of the Company in circumstances where the cessation or termination arises because the holder:

- (i) voluntarily resigns his or her position (other than to take up employment with a subsidiary of the Company);
- (ii) wilfully breaches the terms of the engagement of the holder or any policy of the Company's published policies regulating the behaviour of holder;
- (iii) is convicted of a criminal offence which, in the reasonable opinion of the Company, might tend to injure the reputation or the business of the Company; or
- (iv) is found guilty of a breach of the Corporations Act and the Board considers that it brings the holder or the Company into disrepute,

then:

- (i) unless the Board decides otherwise in its absolute discretion, will deem any Rights of the holder to have immediately lapsed and be forfeited; and
- (ii) any Rights that have vested will continue in existence in accordance with their terms of issue only if the relevant Milestone has previously been met and any Shares issued on satisfaction of the applicable Milestone will remain the property of the holder.

(h) **Other circumstances**

The Rights will not lapse and be forfeited where the holder ceases to be an employee or Director of the Company for one of the following reasons:

- (i) death or total permanent disability (in respect of total permanent disability being that because of a sickness or injury, the holder is unable to work in his or her own or any occupation for which they are suited by training, education, or experience for a period beyond one year);
- (ii) redundancy (being where the holder ceases to be an employee or Director due to the Company no longer requiring the holder's position to be performed by any person); or
- (iii) any other reason, other than a reason listed in paragraph (f) and (g) (not including (g)(i), in which case the Board may exercise its absolute discretion to allow the resigned to retain their Performance Right), that the Board determines is reasonable to permit the holder to retain his or her Performance Rights,

and in those circumstances the Rights will continue to be subject to the applicable Milestone.



(i) **Share ranking**

All Shares issued upon the conversion of Rights will upon issue rank equally in all respects with existing Shares.

(j) **Timing of issue of Shares on Conversion**

Within 10 Business Days after the date that Rights are converted, the Company will:

- (i) issue the number of Shares required under these terms and conditions in respect of the number of Rights converted;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act; and
- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the conversion of the Rights.

If a notice delivered under (k)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(k) **Transfer of Performance Rights**

The Rights are not transferable.

(l) **Participation in new issues**

A Right does not entitle a holder (in their capacity as a holder of a Right) to participate in new issues of capital offered to holders of Shares such as bonus issues and entitlement issues.

(m) **Reorganisation of capital**

If at any time the issued capital of the Company is reconstructed, all rights of a holder will be changed in a manner consistent with the applicable ASX Listing Rules (if applicable) and the Corporations Act at the time of reorganisation.

(n) **Dividend and Voting Rights**

The Rights do not confer on the holder an entitlement to vote on any resolutions proposed by the Company (except as otherwise required by law) or receive dividends.

(o) **Deferral of conversion if resulting in a prohibited acquisition of Shares**

If the conversion of a Right would result in any person being in contravention of section 606(1) of the *Corporations Act 2001* (Cth) (**General Prohibition**) then the conversion of that Right shall be deferred until such later time or times that the conversion would not result in a contravention of the General Prohibition. In assessing whether a conversion of a Right would result in a contravention of the General Prohibition:

- (i) holders may give written notification to the Company if they consider that the conversion of a Right may result in the contravention of the General Prohibition. The absence of such written notification from the holder will entitle the Company to assume the conversion of a Right will not result in any person being in contravention of the General Prohibition; and



(ii) the Company may (but is not obliged to) by written notice to a holder request a holder to provide the written notice referred to in paragraph (q)(i) within seven days if the Company considers that the conversion of a Right may result in a contravention of the General Prohibition. The absence of such written notification from the holder will entitle the Company to assume the conversion of a Right will not result in any person being in contravention of the General Prohibition.

(p) **No rights to return of capital**

A Right does not entitle the holder to a return of capital, whether in a winding up, upon a reduction of capital or otherwise.

(q) **Rights on winding up**

A Right does not entitle the holder to participate in the surplus profits or assets of the Company upon winding up.

(r) **No other rights**

A Right gives the holder no rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.

(s) **ASX Listing Rule compliance**

The Board reserves the right to amend any term of the Rights to ensure compliance with the ASX Listing Rules.



SCHEDULE 2

VALUATION OF RIGHTS

The Rights to be issued to the Related Party pursuant to Resolution 3 have been valued by internal management.

The Rights were ascribed the following value:

Assumptions:	
Valuation date	20 October 2023
Weighted Average Price per Share (1 July 2023 – 31 August 2023)	\$0.3464
Total Value of Rights	\$318,500

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

SCHEDULE 3

SUMMARY OF MR MASTERS' EMPLOYMENT AGREEMENT

Commencement Date:	14 February 2022
Term:	No fixed term, ongoing until terminated by either party in accordance with the terms and conditions of the employment contract.
Fixed Remuneration:	Total Fixed remuneration \$520,000 per annum inclusive of superannuation (subject to annual review).
Short Term Incentives (STI):	<p>Under the STI, Mr. Masters is eligible to receive an annual short term incentive benefit of up to a maximum gross value of 45% of the Total Fixed Remuneration for each financial year.</p> <p>The performance metrics for assessment of STI for each financial year will be determined by the Board as soon as reasonably practicable following the end of the previous financial year.</p> <p>The STI is currently structured as follows:</p> <ul style="list-style-type: none">• 50% to be paid in cash; and• 50% to be paid in the form of performance rights. <p>The issue of performance rights will be subject to shareholder approval at the Annual General Meeting.</p>
Long Term Incentives (LTI):	<p>Under the LTI, Mr. Masters is eligible to receive an annual long term incentive benefit of up to a maximum value of 105% of the Total Fixed Remuneration for each financial year.</p> <p>The performance metrics for assessment of LTI for each financial year will be determined by the Board as soon as reasonably practicable following the end of the previous financial year.</p> <p>The LTI will be paid in the form of performance rights. Any LTI benefit performance rights determined in respect of the first, second and third financial years of the employment will vest on the third anniversary of the Commencement Date. Any LTI benefit performance rights for subsequent financial years of the employment will vest upon them being determined.</p> <p>The issue of performance rights under the LTI will be subject to shareholder approval at the Annual General Meeting.</p>
Initial Share Incentive:	Subject to requirements or limitations under the ASX Listing Rules, the Company will provide funding by way of a non-recourse interest bearing loan (Shares Loan) in an amount equal to two times (2x) the amount paid by Mr. Masters for Aerometrex Shares not less than \$25,000 and not more than \$100,000 purchased on market.

This page is intentionally blank

Aerometrex Limited

Need assistance?

 **Phone:**
1300 556 161 (within Australia)
+61 3 9415 4000 (outside Australia)

 **Online:**
www.investorcentre.com/contact



YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **9:30am (ACDT) on Tuesday, 21 November 2023.**

Proxy Form

How to Vote on Items of Business

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

APPOINTMENT OF PROXY

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

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

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

A proxy need not be a securityholder of the Company.

SIGNING INSTRUCTIONS FOR POSTAL FORMS

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

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

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

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

PARTICIPATING IN THE MEETING

Corporate Representative

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

Lodge your Proxy Form:

Online:

Lodge your vote online at www.investorvote.com.au using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is

Control Number: 133263

SRN/HIN:

For Intermediary Online subscribers (custodians) go to www.intermediaryonline.com

By Mail:

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

By Fax:

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



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

You may elect to receive meeting-related documents, or request a particular one, in electronic or physical form and may elect not to receive annual reports. To do so, contact Computershare.

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

Proxy Form

Please mark to indicate your directions

Step 1 Appoint a Proxy to Vote on Your Behalf

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

the Chairman of the Meeting **OR**

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

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Aerometrex Limited to be held at ibis Adelaide (The Junction Room), 122 Grenfell St, Adelaide SA 5000 on Thursday, 23 November 2023 at 9:30am (ACDT) and at any adjournment or postponement of that meeting.

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

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

Step 2 Items of Business

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

	For	Against	Abstain
Resolution 1 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 Re-Election of Director - Dr Peter Foster	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 Approval to issue Performance Rights to Managing Director Steve Masters	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

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

Individual or Securityholder 1 <input type="text"/>	Securityholder 2 <input type="text"/>	Securityholder 3 <input type="text"/>	/ / <input type="text"/>
Sole Director & Sole Company Secretary	Director	Director/Company Secretary	Date

Update your communication details (Optional)

Mobile Number <input type="text"/>	Email Address <input type="text"/>
---------------------------------------	---------------------------------------

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