



# ALLIGATOR ENERGY LTD

ACN 140 575 604

Ph (07) 3852 4712

Fax (07) 3852 5684

PO Box 338, Spring Hill, Qld 4004

Suite 3, 36 Agnes Street, Fortitude Valley QLD 4006

Australian Securities Exchange  
20 Bridge Street  
Sydney, NSW, 2000

## **Retirement from the Board and Despatch of Notice of Meeting**

Mr John Main, Chairman of Alligator Energy, has advised the Board that he wishes to retire from the Board at the conclusion of the Annual General Meeting for personal and health reasons.

John has been Chairman and Director of Alligator Energy since November 2013. During this time John has provided exceptional leadership for the Board and the Company in all its plans and programs. Through the Macallum Group, which is a major shareholder of Alligator and of which John is a Director, he rejuvenated the work and funding of the Company to progress its exploration and new ventures.

The Board would like to thank John for his incredible work and leadership as Chair and Executive Chair, in setting the strategy and direction for the Company. John has a level of exploration knowledge, experience, enthusiasm and optimism which is second to none, and which is both engaging and motivating. He has supported and provided oversight to Alligator's geology and exploration teams for all of its programs, and was the driving force behind the new opportunities evaluated by Alligator through 2017 which has culminated in the second bow to our string, being the Piedmont nickel cobalt projects. His extensive global geological and corporate experience will be missed.

Paul Dickson, Non-Executive Director, has been the Acting Chairman over the past few months and will continue in this Acting role for a period while the Board evaluates the preferred way forward to maintain its required capability and experience on behalf of Shareholders. We thank Paul for his ongoing work in this role.

The Alligator Energy Annual General Meeting (AGM) is scheduled for Tuesday 27 November 2018 at 9.30am and will be held in the offices of Hopgood Ganim, Level 7, Waterfront Place, 1 Eagle Street, Brisbane. The Notice of Meeting covering the resolutions to be put to Shareholders at the AGM has been despatched and a copy is attached to this announcement.

Yours sincerely

Greg Hall

**Executive Director & Acting CEO**

26 October 2018

**FOR FURTHER INFORMATION, PLEASE CONTACT**

Mr Greg Hall Executive Director and CEO Alligator Energy Ltd Email: <a href="mailto:gh@alligatorenergy.com.au">gh@alligatorenergy.com.au</a>	Mr Mike Meintjes Company Secretary Alligator Energy Ltd Email: <a href="mailto:mm@alligatorenergy.com.au">mm@alligatorenergy.com.au</a>
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# Notice of Annual General Meeting and Explanatory Memorandum

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**Alligator Energy Ltd ACN 140 575 604**

Date of Meeting: Tuesday 27 November 2018

Time of Meeting: 9.30 am (Brisbane time)

Place of Meeting: Hopgood Ganim  
Level 7, Waterfront Place  
1 Eagle St  
Brisbane Qld 4000

# Notice of 2018 Annual General Meeting

Notice is hereby given that the Annual General Meeting of **Alligator Energy Ltd ACN 140 575 604** will be held at the offices of Hopgood Ganim, Level 7, Waterfront Place, 1 Eagle St, Brisbane, Qld 4000 on Tuesday 27 November 2018, at 9.30 am (Brisbane time).

A copy of this Notice and the Explanatory Memorandum which accompanies the Notice has been lodged with the Australian Securities and Investments Commission in accordance with section 218 of the Corporations Act.

Terms used in this Notice of Meeting are defined in Section 8 of the accompanying Explanatory Memorandum.

## Agenda

### Item 1 - Consideration of Financial Statements

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Consideration and discussion of Audited Financial Statements for the financial year ended 30 June 2018 (**Audited Financial Statements**), which have been circulated to Shareholders who have elected to receive a paper copy of the Company's reports in the attached Annual Report. Shareholders who have given the Company an election to receive an electronic copy of the Company's reports and Shareholders from whom the Company has not received an election as to how they wish to receive the Company's reports can directly access the Audited Financial Statements on the Company's website at [www.alligatorenergy.com.au](http://www.alligatorenergy.com.au) and titled "2018 Annual Financial Report", which was released to the ASX on 27 September 2018.

No voting is required for this item.

### Item 2 - Resolution 1- Re-election of Director – Mr Gregory Campbell Hall

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

*"That Mr Gregory Campbell Hall, who retires in accordance with Article 11.3 of the Company's Constitution and Listing Rule 14.4, and, being eligible, offers himself for re-election, be re-elected as a Director of the Company."*

### Item 3 - Resolution 2 – Adoption of Remuneration Report

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

*"That for the purpose of section 250R(2) of the Corporations Act 2001 (Cth) (**Corporations Act**) and for all other purposes, the Remuneration Report for the Company for the financial year ended 30 June 2018 be adopted."*

The vote on Resolution 2 is advisory only and does not bind the Directors of the Company.

#### **Voting Restriction pursuant to Section 250R(4) of the Corporations Act**

A vote on Resolution 2 must not be cast (in any capacity) by or on behalf of either of the following persons:

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

However, the above persons may cast a vote on Resolution 2 as a proxy if the vote is not cast on behalf of a person described above and either:

# Notice of Annual General Meeting

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the resolution; or
- (b) the voter is the chair of the meeting and the appointment of the chair as proxy:
  - (i) does not specify the way the proxy is to vote on the resolution; and
  - (ii) 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 for the Company or, if the Company is part of a consolidated entity, for the entity.

## Voting Intention of Chair

Shareholders should be aware that any undirected proxies given to the Chair will be cast by the Chair and counted in favour of the Resolutions the subject of this Meeting, including Resolution 2, subject to compliance with the Corporations Act.

## Item 4 - Resolution 3 – Approval of Director Fee Plan

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

*“That, in accordance with Listing Rule 10.14, and all other purposes, the Non-Executive Directors’ Fee Plan (for the issue of shares to non-executive Directors in lieu of fees for directors services) be approved and the Company be authorised to issue fully paid ordinary shares (**Plan Shares**) to John Main, Paul Dickson, Peter McIntyre, Andrew Vigar and Gregory Hall and any person appointed as a non-executive director of the Company in the ensuing 12 months (or their nominees) (**Participating Directors**) under the Directors’ Fee Plan as detailed in the Explanatory Memorandum.”*

## Voting Exclusion

The Company will disregard any votes cast on this Resolution by:

- a Participating Director; and
- an associate of a Participating Director.

However, the Company will not disregard a vote if:

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

## Voting Restriction pursuant to Section 250BD of the Corporations Act

As Resolution 3 is a resolution connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company, pursuant to section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on a resolution connected directly or indirectly with the remuneration of a member of the Key Management personnel for the Company if the person is either:

- (a) a member of the Key Management Personnel for the Company; or
- (b) a Closely Related Party of such Key Management Personnel, and the appointment does

# Notice of Annual General Meeting

not specify the way the proxy is to vote on the Resolution.

However, the Company need not disregard a vote on this Resolution 3 if:

- (a) the person is the Chair of the meeting at which the resolution is voted on; and
- (b) the appointment 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 for the Company.

## Voting Intention of Chair

Shareholders should be aware that any undirected proxies given to the Chair will be cast by the Chair and counted in favour of the Resolutions the subject of this Meeting, including Resolution 3, subject to compliance with the Corporations Act.

## Item 5 - Resolution 4 - Issue of Carry Forward Shares in Lieu of Director Fees

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

*“That, in accordance with Listing Rule 10.11, and all other purposes, the Company be authorised to issue 13,463,601 fully paid ordinary shares (**Carry Forward Shares**) to the Participating Directors arising from the Directors’ Fee Plan as detailed in the Explanatory Memorandum.”*

## Voting Exclusion

The Company will disregard any votes cast on this Resolution by:

- a Participating Director; and
- an associate of a Participating Director.

However, the Company will not disregard a vote if:

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

## Voting Restriction pursuant to Section 250BD of the Corporations Act

As Resolution 4 is a resolution connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company, pursuant to section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on a resolution connected directly or indirectly with the remuneration of a member of the Key Management personnel for the Company if the person is either:

- (a) a member of the Key Management Personnel for the Company; or
- (b) a Closely Related Party of such Key Management Personnel, and the appointment does not specify the way the proxy is to vote on the Resolution.

However, the Company need not disregard a vote on this Resolution 4 if:

- (a) the person is the Chair of the meeting at which the resolution is voted on; and
- (b) the appointment 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

# Notice of Annual General Meeting

Management Personnel for the Company.

## **Voting Intention of Chair**

Shareholders should be aware that any undirected proxies given to the Chair will be cast by the Chair and counted in favour of the Resolutions the subject of this Meeting, including Resolution 4, subject to compliance with the Corporations Act.

## **Item 6 - Resolution 5 – Grant of Options to Gregory Campbell Hall**

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

*“That in accordance with Chapter 2E of the Corporations Act, Listing Rule 10.11 and for all other purposes, the Company be authorised to issue 2,727,273 Zero Strike Priced Options to subscribe for Shares in the Company expiring on 30 April 2019 comprising a Short Term Incentive under the terms of the Employment Contract (**STI Options**) to Gregory Campbell Hall, being a Director and the Acting Chief Executive Officer of the Company, or his nominee on the terms set out in the Explanatory Memorandum”.*

A detailed summary of the proposed Terms of the STI Options is contained within the Explanatory Memorandum.

### **Voting exclusion statement**

The Company will disregard any votes cast on this Resolution by:

- Mr Hall; or
- an associate of Mr Hall.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

### **Voting Restriction pursuant to Section 250BD of the Corporations Act**

As Resolution 5 is a resolution connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company, pursuant to section 250BD of the Corporations Act, a vote on Resolution 5 must not be cast by:

- (a) any member of the Key Management Personnel for the Company; or
- (b) a Closely Related Party of such Key Management Personnel,

who is appointed as a Shareholder's proxy, on the basis of that appointment, where the Shareholder does not specify in writing the way the proxy is to vote on the Resolution.

However, the Company need not disregard a vote on this Resolution 5 if:

- (c) the person is the Chair of the meeting at which the resolution is voted on; and
- (d) the appointment 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 for the Company.

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## **Voting Intention of Chair**

Shareholders should be aware that any undirected proxies given to the Chair will be cast by the Chair and counted in favour of the Resolutions the subject of this Meeting, including Resolution 5, subject to compliance with the Corporations Act.

## **General business**

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To consider any other business as may be lawfully put forward in accordance with the Constitution of the Company.

### **Entitlement to vote:**

For the purposes of determining voting entitlements at the Meeting, Shares will be taken to be held by the persons who are registered as holding the Shares as at 9.30am (Brisbane time) on 23 November 2018. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

All members are invited to attend the Meeting.

An Explanatory Memorandum to Shareholders follows this Notice. The Explanatory Memorandum and Proxy Form accompanying this Notice are incorporated in and comprise part of this Notice of Meeting.

### **By order of the Board**

Mike Meintjes  
Company Secretary

23 October 2018

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



# Explanatory Memorandum

This Explanatory Memorandum has been prepared for the information of Shareholders of Alligator Energy Ltd in connection with the business to be transacted at the Annual General Meeting of Shareholders to be held at the offices of Hopgood Ganim, Level 7, Waterfront Place, 1 Eagle St, Brisbane **on Tuesday 27 November 2018 at 9.30 am (Brisbane time)**.

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

The following information should be noted in respect of the various matters contained in the accompanying Notice of Meeting.

The purpose of this Explanatory Memorandum is to provide information that the Board believes to be material to Shareholders including whether or not to approve the resolutions detailed in the Notice of Meeting.

Terms used in this Explanatory Memorandum are defined below in Section 8.

## 1. Consideration of Financial Statements

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The Corporations Act requires the Annual Financial Report, Directors' Report, and the Auditor's Report (**Financial Statements**) be received and considered at the AGM. A copy of the Company's 2018 Full Year Statutory Financial Statements can be accessed online at [www.alligatorenergy.com.au](http://www.alligatorenergy.com.au). The Annual Financial Statements were released to the ASX on 27 September 2018.

The Corporations Act does not require Shareholders to vote on the Financial Statements. However Shareholders attending the AGM will be given a reasonable opportunity to ask questions about, or make comments on, the financial statements and reports contained within.

The Chairman will take Shareholders' questions and comments about the management of the Company at the meeting. The Auditor of the Company will be available to take Shareholders' questions and comments about the conduct of the audit and the preparation and content of the Auditor's Report.

In addition to taking questions at the meeting, written questions to the Chairman about the management of the Company, or to the Company's Auditor about the conduct of the audit and the preparation and content of the Auditor's Report, may be submitted by 5.00 pm (Brisbane time) 23 November 2018 to:

The Company Secretary  
Alligator Energy Ltd  
PO Box 338  
SPRING HILL QLD 4004  
E-mail: [mm@alligatorenergy.com.au](mailto:mm@alligatorenergy.com.au)

Copies of the questions received and answers to the questions will be available at the meeting. Answers will not be returned by mail. The Chairman and auditor will also endeavour to answer questions asked at the meeting that are relevant to the agenda, however where questions concern issues raised and answered in the written questions, the Chairman or auditor may refer Shareholders to the written response. For the benefit of the meeting, both the Chairman and the auditor will briefly outline to the meeting the matters covered in the written questions.

## 2. Resolution 1 - Re-election of Director

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In accordance with Article 11.3 of the Company's constitution, one-third of the Directors (excluding a Managing Director) are required to retire by rotation each year. Pursuant to the Constitution, **Mr Gregory Campbell Hall**, who has been a director since July 2015 (3 years and 3 months), will retire and seek re-election.

# Explanatory Memorandum

A brief biography of **Mr Hall** is set out below:

Mr Hall holds a Bachelor of Engineering in Mining Engineering.

Mr Hall, a Mining Engineer, has over 35 years' experience in the resources sector, particularly in uranium resource projects. He has held operational management roles at Olympic Dam (WMC) and Ranger Uranium Mine (North/Rio Tinto), and was founding Managing Director of Toro Energy Ltd (achieving WA's first fully approved uranium project) and CEO of Hillgrove Resources Ltd. Mr Hall has a deep understanding of the international uranium and nuclear sector and is acquainted with commodity markets having been a Marketing Manager for Rio Tinto Uranium and Director Sales (Bauxite & Alumina) at Rio Tinto Aluminium.

Mr Hall is Past Board and Exco member of the Australian Uranium Association and is currently President of the SA Chamber of Mines and Energy Council.

Mr Hall is not regarded as an independent director as a result of accepting the role as Acting Chief Executive Officer for a twelve month period effective 1 April 2018. In addition to his recent executive duties, as a non-executive director he has assisted the Company in leading the New Opportunities Team and on investor relations matters.

In the previous three years Mr Hall has elected to take a portion of his non-executive director fees in shares rather than as a cash payment.

## *Directors' Recommendation*

The Directors (with Mr Hall abstaining) recommend that shareholders vote in favour of Resolution 1.

### **3. Resolution 2 - Remuneration Report**

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The Annual Report for the year ended 30 June 2018 contains a Remuneration Report which sets out the remuneration policy for the Company and reports the remuneration arrangements in place for the Directors, executives and senior managers during the financial year. A copy of the report is set out in the Directors' Report within the Annual Report and can be found on the Company website at [www.alligatorenergy.com.au](http://www.alligatorenergy.com.au)

The Board submits its Remuneration Report to Shareholders for consideration and adoption by way of a non-binding Advisory Resolution.

The Remuneration Report is set out in the Directors' Report section of the Annual Report. The Report:

- explains the Board's policy for determining the nature and amount of remuneration of Key Management Personnel of the Company or, if the Company is part of a Group, for the Group;
- explains the relationship between the Board's remuneration policy and the Company's performance;
- sets out remuneration details for the Key Management Personnel, including details of performance related remuneration and options granted as part of remuneration; and
- details and explains any performance conditions applicable to the Key Management Personnel of the Company or Group.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the meeting.

## *Directors' Recommendation*

The Board unanimously recommends that Shareholders vote in favour of adopting the Remuneration Report. A vote on this Resolution 2 is advisory only and does not bind the Directors of the Company.

# Explanatory Memorandum

## 4. Resolution 3 and Resolution 4 – Approval of Director Fee Plan and Issue of Plan Shares in Lieu of Director Fees

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### 4.1 Introduction

The Directors have resolved to refer to Shareholders for approval of the Director Fee Plan and the proposed issue Shares (**Plan Shares**) to John Main, Paul Dickson, Peter McIntyre, Andrew Vigar, and Gregory Hall, and to any person appointed as a non-executive director of the Company in the ensuing 12 months (**Participating Directors**), or to their respective nominees who are eligible to be a Participating Director pursuant to the Director Fee Plan (See Annexure 1). The Shares will be issued in lieu of cash remuneration for the provision of director services.

The terms of the Plan Shares to be issued to the Participating Directors are set out in more detail below.

The Directors believe that the benefit of the Director Fee Plan to Shareholders will be the conservation of cash for use towards exploration activities, as well as aligning the interest of the Participating Directors with those of the Company and the Shareholders.

Approval for the Director Fee Plan and the issue of the Plan Shares is sought in accordance with Listing Rule 10.14. As approval is being sought under Listing Rule 10.14, approval will not be required under Listing Rule 10.11.

### 4.2 Background to the Proposal

#### *Operation of the Director Fee Plan approved at the 2017 AGM*

The Directors implemented an employee share scheme in the form of the Director Fee Plan which allows for the issue of Shares to Participating Directors in lieu of cash remuneration. A Director Fee Plan to issue Shares under the terms of the Plan for a period of 12 months was first approved by Shareholders at the 2014 AGM and was subsequently approved at the 2015, 2016 and 2017 AGMs. All Non-Executive Directors agreed to have up to 100% of their total remuneration, at the election of each Participating Director on a quarterly basis, paid by the issue of Plan Shares in each ensuing 12 month period. The Director Fee Plan does not apply with regards to remuneration payable to executive directors for services as an executive of the Company.

Based on the Director Fee Plan approved by Shareholders at the 2017 AGM, Participating Directors have elected to convert the following Director Fee entitlements into Plan Shares for the quarterly remuneration periods December 2017 - September 2018:

<i>Name</i>	<i>Shares issued under Plan</i>	<i>Non-Executive Remuneration (\$)</i>	<i>Average share price (cents per Share)</i>
J Main	675,000	6,581	0.01
A Vigar	787,500	7,350	0.009
P Dickson	420,000	4,200	0.01
P McIntyre	1,050,000	9,450	0.009
G Hall	412,500	3,850	0.009
Total	3,345,000	31,431	0.009

#### *Proposed operation of the Director Fee Plan for the forthcoming 12 months (assuming Shareholder approval)*

The Director Fee Plan that the Company is proposing for Shareholder approval for the forthcoming twelve months is consistent with the terms approved by Shareholders at the 2017 AGM with the exception of the manner in which the quarterly share issue price under the Plan (**Plan Share Price**) is determined, as follows:

# Explanatory Memorandum

- (a) Removal of the fixed 4 cent per share issue price which has been in place since the June 2016 quarter and reversion to the original mechanism of a 30 Business Day VWAP issue (approved at the 2014 and 2015 AGMs); and
- (b) As a result of the change in (a) above, removal of the requirement at the end of each quarter to assess whether the 30 Business Day VWAP:
  - (1) is below the fixed 4 cent per share issue price requiring the Company to record the difference between the 30 Business Day VWAP and the fixed 4 cent per share issue price for each Participating Director and to carry this amount forward (**Carry Forward**) until the 30 Business Day VWAP at the end of a quarter is above the fixed 4 cent per share issue price;
  - (2) is above the fixed 4 cent per share price requiring the Company to record the difference between the fixed 4 cent per share issue price and the 30 Business Day VWAP and reduce the Carry Forward balance in sub-paragraph (1) above. This clause was to be applied until the Carry Forward balance for each Participating Director is reduced to zero

## ***Proposed settlement of the Director Fee Plan liability associated with the Carry Forward balance***

The adoption of a fixed 4 cent per share issue price was tabled for approval at the 2016 and 2017 AGMs with the view of minimising the dilutive effect on Shareholders and on the expectation that the share price would recover to levels around or above 4 cents. The amount deferred as a Carry Forward balance has continued to grow and Directors believe that this mechanism is no longer sustainable.

Accrued Director Fees of \$282,736 in relation to the 2016 and 2017 Director Fee Plans, representing the Carry Forward balance, are owed to Participating Directors at the date of preparing this Notice. This accrued balance arises as a result of applying the terms of paragraph (b) (1) above (see section 4.4 below for more detail on the composition of this balance).

It is proposed that the Carry Forward balance be settled and permanently extinguished by asking Shareholders to approve the issue of a further 13,463,601 Shares based on a fixed issue price of 2.1 cents (**Carry Forward Shares**). The fixed issue price is significantly higher than the current share price and was selected on the basis of it also being the exercise price of the Listed Options (ASX: AGEO) currently on issue.

The settlement and extinguishment of the Carry Forward balance, if approved by Shareholders, will result in Directors permanently foregoing an entitlement to accrued and unpaid director fees of \$215,418 (based on the closing share price on 9 October 2018 of \$0.005). However, the ultimate extent of the forfeit will be based on the issue price of the Shares at the time that Shareholder approval of this resolution is secured.

## ***Overall summary of the proposal***

Approval is now being sought to:

- (a) refresh the Director Fee Plan;
- (b) the issue of Plan Shares to the Participating Directors with respect to the portion of Director Fees of Participating Directors that are elected to be converted into Plan Shares during the 12 months following the Meeting; and
- (c) to issue of 13,463,601 Plan Shares to extinguish the Carry Forward balance at the date of this Notice.

Plan Shares will be granted for in consideration for non-executive director services and no funds will be raised from the issue.

## **4.3 Listing Rule 10.11**

Listing Rule 10.11 requires an entity to obtain the approval of shareholders to an issue of securities to a related party. The Participating Directors are related parties of the Company. Accordingly, because the issue of the 13,463,601 Carry Forward Shares to extinguish the Carry Forward Balance will result in the Company issuing securities to a related party, approval under Listing Rule 10.11 is required.

# Explanatory Memorandum

In accordance with Listing Rule 7.2 (exception 14), as approval is being sought under Listing Rule 10.11, approval is not required to be obtained under Listing Rule 7.

## 4.4 Listing Rule 10.14

As each of the Participating Directors is a related party of the Company for the purposes of Listing Rule 10.11, the proposed issue of Plan Shares to Participating Directors under the Plan must be approved under Listing Rule 10.14.

If approval is given under Listing Rule 10.14 approval is not required under Listing Rule 7.1. Accordingly, if approved, the issue of the Plan Shares pursuant to Listing Rule 10.14 will not be counted towards the Company's 15% capacity for the purpose of Listing Rule 7.1. As a result, the Directors of the Company will be able to consider additional funding initiatives consistent with the provisions of ASX Listing Rule 7.1 without diminishing its issue capacity under Listing Rule 7.1.

## 4.5 Information on the Director's Fee Plan and Issue of Plan Shares required under ASX Listing Rule 10.13 and 10.15

### *Maximum number of securities (Listing Rule 10.13.2 and 10.15.2)*

Approval is sought for a maximum number of 24,713,601 Shares as follows:

- (a) the issue of Carry Forward Shares for Director Fees which have been deferred and accumulated in the Carry Forward balance since the quarter ending June 2016 based on an issue price of 2.1 cents and totalling 13,463,601 Carry Forward Shares. On the basis that Shareholder approval is obtained at the 2018 AGM the accrued Carry Forward balance for unpaid Director Fees of \$282,736 will then be permanently extinguished with participating Directors foregoing \$215,418 (based on the closing share price on 9 October 2018 of \$0.005); and
- (b) the intention to operate the Plan for a 12 months after the Meeting and the possibility that all directors elect to take Plan Shares in lieu of up to 50% of non-executive director fees which would total 11,250,000 Plan Shares.

The maximum number of 11,250,000 Plan Shares sought under this resolution for the purposes of operating the Director's Fee Plan for 12 months after the Meeting was calculated on the following basis:

- (a) the maximum aggregate amount of fees payable to for non-executive services by Directors over a one year period of \$180,000;
- (b) a take up of Fee Plan Shares in lieu of fees payable for non-executive services by Directors of 50%; and
- (c) an average Plan Share Price (30 Business Day VWAP) for the four quarters (December 2018, March 2019, June 2019 and September 2019) of \$0.008.

### *Maximum aggregate fees payable over a one year period*

If 50% of the Participating Directors remuneration was issued as Plan Shares at the average quarterly Plan Share Price of \$0.008, the number of Plan Shares issued for the remuneration would be 11,250,000. The number of Plan Shares issued would be lower if the quarterly Plan Share Price is higher than \$0.008. If the average quarterly Plan Share Price is below \$0.008, the cap of 11,250,000 Plan Shares for the forthcoming 12 months will apply and any shortfall will be settled in cash.

### *Carry Forward balance*

As previously detailed in this Explanatory Memorandum, to avoid excessive dilution to existing Shareholders through issue of large numbers of Director Fee Plan Shares to the Participating Directors while the Company's Shares are less than \$0.04 per Share, the Directors resolved to set an issue price of A\$0.04 with effect from 1 April 2016.

# Explanatory Memorandum

As the issue price of \$0.04 was above the 30 Business Day VWAP in each quarter since adoption of this term in the Director Fee Plan, the Carry Forward balance accrued and owing to Directors as at 30 September 2018 is as follows:

Quarter end	Share Plan Price	30 Business Day VWAP	Carry Forward balance*
30 June 2016	\$0.04	\$0.013	\$26,747
30 September 2016	\$0.04	\$0.014	\$30,956
31 December 2016	\$0.04	\$0.013	\$28,856
31 March 2017	\$0.04	\$0.016	\$25,440
30 June 2017	\$0.04	\$0.011	\$33,278
30 September 2017	\$0.04	\$0.011	\$35,090
31 December 2017	\$0.04	\$0.011	\$35,090
31 March 2018	\$0.04	\$0.009	\$32,279
30 June 2018	\$0.04	\$0.008	\$24,600
30 September 2018	\$0.04	\$0.008	\$10,400
<b>Total</b>			<b>\$282,736</b>

\* Note: See Section 4(b)(2) for a description of the Carry Forward balance and how it is calculated.

## *Overall impact on proposed Fee Plan issues*

The maximum number of Shares to be issued in the 12 months following Shareholder approval will be 24,713,601 Shares for the Directors Fees accrued and accruing over this period.

If Shareholder approval is not obtained then the Director Fees accumulated for the quarters from 30 June 2016 of \$282,736 and non-executive director fees for the ensuing 12 months of up to \$180,000 will be paid in cash.

If the maximum number of 24,713,601 Shares is reached before the expiration of 12 months from the Meeting, no further Plan Shares will be issued.

## **4.6 Information required under ASX Listing Rule 10.13 and 10.15**

In accordance with Listing Rule 10.13 and 10.15 and for the benefit of Shareholders in considering this Resolution, the Company advises as follows:

- (a) Plan Shares and Carry Forward Shares will only be issued to Participating Directors or to their nominees;
- (b) The maximum number of Plan Shares to be issued during the 12 months after the Meeting is 11,250,000.
- (c) The maximum number of Carry Forward Shares to be issued is 13,463,601.
- (d) The issue price of each Plan Share will be:
  - (1) \$0.021 per Carry Forward Share to extinguish the Carry Forward balance; and
  - (2) The Plan Share Price being the 30 Business Day VWAP at the end of each quarter (December 2018, March 2019, June 2019 and September 2019);

# Explanatory Memorandum

- (e) The Participating Directors to receive Plan Shares and Carry Forward Shares are Paul Dickson, Peter McIntyre, Andrew Vigar and Gregory Hall and any person appointed as a non-executive Director of the Company during the 12 months after the Meeting;
- (f) No loans are being given in respect of the issue of any Plan Shares; and
- (g) The Carry Forward Shares are intended to be issued as soon as practicable following Shareholder approval and in any event no later than one (1) month after the date of this Meeting.
- (h) The Plan Shares are intended to be issued as and when elections are made by Participating Directors under the Plan, the intention being that Plan Shares would be issued to the Participating Directors in 4 tranches on the ending of each quarter (31 December 2018, 31 March 2019, 30 June 2019 and 30 September 2019) and in any event no later than twelve (12) months following the date of the Meeting.

Save as set out in this Explanatory Memorandum, the Directors are not aware of any other information that will be reasonably required by Shareholders to make a decision in relation to benefits contemplated by Resolution 3.

## *Directors' Recommendation*

Each of John Main, Paul Dickson, Peter McIntyre, Andrew Vigar and Gregory Hall has a material personal interest in Resolution 3 and do not make any recommendation.

## **5. Resolution 5 - Grant of options to Gregory Hall**

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### **5.1 Introduction**

A one year Employment Contract (**Agreement**) for performance of the role as Chief Executive Officer was entered into with Gregory Campbell Hall (**Greg Hall**) effective 1 April 2018.

The remuneration payable to Mr Hall under the Agreement is a maximum of \$60,000 for the twelve month period, exclusive of statutory superannuation, (**Base Pay**) on the basis of a daily rate of \$1,000. The Base Pay is in addition to the fees payable for the services as a non-executive director. Due allowance for the expected time involvement of non-executive director duties applies before any daily rate charge arises;

Mr Hall is also entitled to incentive payments which are based on short term performance hurdles aligned to the Company's corporate strategy. These incentive payments will be settled by the grant of Zero Strike Priced Options which will only vest for exercise if the performance hurdles are achieved.

The short term incentive, if fully achieved, will constitute 50% of the maximum Base Pay and will be determined by the Board before the end of April 2019 based upon performance. Performance hurdles for this short term incentive include key performance indicators covering completion of the approved 2018 Annual Plan, success of capital raising initiatives, investor relations and Company promotion and leadership and teamwork. Any Zero Strike Priced Options which do not vest after assessment of performance will automatically lapse.

The Directors have resolved to refer to Shareholders for approval of the proposed grant of 2,727,273 Zero Strike Priced Options expiring on 30 April 2019 (**STI Options**) to Greg Hall, a director of the Company. The number of STI Options that the Directors (Greg Hall abstaining) agreed to recommend to Shareholders was based on \$30,000 (being 50% of the Base Salary and a 30 Business Day VWAP at the time of 1.1 cents per share). The terms of the STI Options are set out in more detail in Annexure 2.

Approval for the issue of the STI Options is sought in accordance with the Listing Rule 10.11 and Part 2E of the Corporations Act. As approval is being sought under Listing Rule 10.11, approval will not be required under Listing Rule 7.1.

In order for the STI Options to be granted to a Director, the requirements of Chapter 2E of the Corporations Act need to be observed.

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## 5.2 Options Terms

A summary of the terms of the STI Options are set out in Annexure 2.

## 5.3 Regulatory Requirements

### Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party of a public company unless the benefit falls within one of various exceptions to the general prohibition (including where shareholder approval is obtained). One of the exceptions includes where the company first obtains the approval of its shareholders in general meeting in circumstances where the requirements of Chapter 2E in relation to the convening of that meeting have been met.

A “related party” for the purposes of the *Corporations Act 2001 (Cth)* is defined widely and it includes a director of the public company.

A “financial benefit” for the purposes of the *Corporations Act 2001 (Cth)* has a very wide meaning. It includes the public company paying money or issuing securities to the related party. In determining whether or not a financial benefit is being given, it is necessary to look to the economic and commercial substance and effect of what the public company is doing (rather than just the legal form). Any consideration which is given for the financial benefit is to be disregarded, even if it is full or adequate.

Resolutions 4 if passed, will confer financial benefits on the Recipient (being a related party of the Company) and the Company seeks to obtain shareholder approval in accordance with the requirements of Chapter 2E of the Corporations Act and for this reason, and for all other purposes, the following information is provided to Shareholders.

#### (a) The related parties to whom Resolutions 4 would permit the financial benefit to be given

Greg Hall, a Director of the Company, is considered to be a related party.

#### (b) The nature of the financial benefit

The nature of the proposed financial benefit to be given is:

- (1) the grant of the STI Options to Greg Hall, as referred to in Resolution 5;
- (2) the STI Options shall be granted for nil consideration;
- (3) the STI Options shall vest based on the performance hurdles;
- (4) upon vesting, the STI Options shall be exercisable into fully paid ordinary Shares on or before the Expiry Date, being 30 April 2019; and
- (5) the exercise price for the Options shall be zero for each STI Option;

#### (c) Directors’ Recommendation

With respect to Resolution 5, John Main, Paul Dickson, Peter McIntyre and Andrew Vigar recommend that Shareholders vote in favour of this resolution. The reasons for their recommendation include:

- (1) the grant of the STI Options as proposed to Greg Hall will provide him with reward and incentive for the performance of future services he will provide to the Company to further the progress of the Company;
- (2) the number of STI Options has been determined on the basis that the value ascribed to those STI Options is commensurate with the intended reward and incentive to Gregory Campbell Hall;



# Explanatory Memorandum

- (3) the STI Options are not intended as a substitute for salary or wages or as a means for compensation for past services rendered; and
- (4) in the Company's circumstances as they existed as at the date of this Explanatory Statement, John Main, Paul Dickson, Peter McIntyre and Andrew Vigar considered that the incentive provides a cost effective and efficient incentive as opposed to alternative forms of incentives (eg cash bonuses, increased remuneration). However, it must be recognised that there will be an opportunity cost to the Company, being the price at which the Company could grant the STI Options to a third party.

As Greg Hall is interested in the outcome of Resolution 5, accordingly he makes no recommendation to Shareholders in respect of this resolution.

## (d) Director's Interest and other remuneration

### Greg Hall

Greg Hall has a material personal interest in the outcome of Resolution 5, as it is proposed that STI Options be granted to him (or his nominee).

Excluding the STI Options, Greg Hall (and entities associated with him) holds 3,227,950 Shares and 382,157 Listed 2.1 cent Options (ASX:AGEO) in the Company. Please refer to the table below which indicates the holdings of Greg Hall (and entities associated with him).

Other than the STI Options to be issued to Greg Hall pursuant to Resolution 5, Greg Hall is entitled under his Employment Contract to:

- (1) maximum of \$60,000 for the twelve month period, exclusive of statutory superannuation, (**Base Pay**) on the basis of a daily rate of \$1,000; and
- (2) fees payable for the services as a non-executive which total \$42,000 per annum exclusive of statutory superannuation. Due allowance for the expected time involvement of non-executive director duties applies before any daily rate charge in (1) above arises.

If all of the STI Options are granted, vest and are exercised by Greg Hall (or their nominees as the case may be), the following will be the effect on their holdings in the Company:

Director	Current Share Holding	% of Total Share Capital <sup>1</sup>	Share Holding Upon Vesting/Exercise of Options	% of Total Share Capital <sup>2</sup>
Greg Hall	3,227,950 Shares	0.003 %	5,955,223	0.006 %

Notes:

- (1) This assumes that there are currently 988,207,452 Shares on issue.
- (2) This assumes that there will be 990,934,725 Shares on issue upon the exercise of all of the proposed Zero Strike Priced Options and that none of the current options (including Listed Options) on issue in the Company are exercised and no further securities are issued.

## (e) Valuation

The STI Options are not currently quoted on the ASX and as such have no market value. The STI Options each grant the holder a right to one ordinary Share in the Company upon vesting and exercise of the STI Options. Accordingly, the STI Options may have a present value at the date of their grant.

# Explanatory Memorandum

The STI Options may acquire future value dependent upon the extent to which the Share price increases during the term of the STI Options.

As a general proposition, options to subscribe for ordinary fully paid shares in a company have a value. Various factors impact upon the value of options including:

- (1) the probability of the options vesting;
- (2) the period outstanding before the expiry date of the options;
- (3) the exercise price of the options relative to the underlying price or value of the securities into which they may be converted;
- (4) the proportion of the issued capital as expanded consequent upon exercise represented by the shares issued upon exercise (ie whether or not the shares that might be acquired upon exercise of the options represent a controlling or other significant interest);
- (5) the value of the shares into which the options may be converted; and
- (6) whether the options are listed (ie readily capable of being liquidated).

There are various formulae which can be applied to determining the theoretical value of options (including the formula known as the Black-Scholes Model option valuation formula).

On the basis that the options are zero strike priced and can be exercised (on meeting the performance hurdles and vesting) without the payment of a consideration, the Company has not commissioned an independent valuation for the purposes of preparing this Notice.

In order to assist Shareholders to decide whether or not it is in the Company's interest to pass Resolutions 4 and disclosing expenses in the Company's Financial Statements in accordance with AASB 2 Share Based Payments, the Company has set out below the principal factors that influence the value of the STI Options.

These factors are:

- (1) the exercise price of the STI Options being \$0.00 each;
- (2) a market price of Shares of \$0.005 at 9 October 2018;
- (3) a 30 Business Day weighted average share price of \$0.006 for the period immediately preceding 9 October 2018;
- (4) an expiry date of 30 April 2019;
- (5) an internally assessed probability of achieving all the STI performance measures of 70%;

Based on these valuation inputs of the 2,727,273 STI Options, the Company estimates that, at the date of preparing this Notice, the respective value of the STI Options to be issued pursuant to Resolutions 4 are as follows:

Greg Hall – STI Options - \$11,455 (being the vesting of 70% of the 2,272,273 STI Options at the current 30 Business Day VWAP of \$0.006)

- (f) **Other information that is reasonably required by Shareholders to make a decision and that is known to the Company or any of its Directors**

There is no other information known to the Company or any of its Directors save and except as follows:

# Explanatory Memorandum

## ***Market Price movements:***

The assessed option values noted above are based on a 30 Business Day VWAP market price per Share of \$0.006 at 9 October 2018.

There is a possibility that the market price of the Shares will change up to the date of the Annual General Meeting.

## ***Trading History:***

The Company does not intend to apply for listing of the STI Options on the ASX. However, the Company shall apply for listing of the resultant shares of the Company issued upon vesting and exercise of any STI Option.

In the 12 months prior to the option valuation (9 October 2018), the Company's trading history is as follows:

	<b>Market Price at 9 October 2018</b>	<b>Market Price for 12 months prior to 9 October 2018</b>
High	\$0.005	\$0.014
Low	\$0.005	\$0.004
12 mth VWAP	-	\$0.009

## ***Opportunity Costs:***

The opportunity costs and benefits foregone by the Company issuing the STI Options is the potentially dilutionary impact on the issued Share capital of the Company (in the event that the options are exercised). Until exercised, the issue of the STI Options will not impact upon the number of Shares on issue in the Company. To the extent that upon their exercise the dilutionary impact caused by the issue of the Shares will be detrimental to the Company, this is more than offset by the advantages accruing from the Company securing the services of experienced and skilled executives on appropriate incentive terms.

It is also considered that the potential increase of value in the STI Options is dependent upon a concomitant increase in the value of the Company generally.

## ***Taxation Consequences:***

No stamp duty will be payable in respect of the grant of the STI Options. No GST will be payable by the Company in respect of the grant of the STI Options (or if it is then it will be recoverable as an input credit).

AASB 2 "Share Based Payments" requires that these payments shall be measured at the more readily determinable fair value of the equity instrument. Under the accounting standards this amount will be expensed in the statement of financial performance. Where the grant date and the vesting date are different, the total expenditure calculated will be allocated between the two dates taking into account the terms and conditions attached to the instruments and the counterparties as well as management's assumptions about probabilities of payments and compliance with and attainment of the set out terms and conditions.

# Explanatory Memorandum

## ***Dilutionary Effect:***

If all of the STI Options granted vest and are exercised, the following will be the effect on the current issued capital of the Company (based on the share register at 9 October 2018)

Shareholder	Current shareholding <sup>1</sup>	% of total Shares <sup>2</sup>	Max No. of Shares issued on exercise of STI Options	No. of Shares on exercise of STI Options	% of total Shares <sup>3</sup>
<b>Directors</b>					
John Main	9,710,523	0.98	Nil	9,710,523	0.98
Greg Hall	3,227,950	0.32	2,727,273	5,955,223	0.6
Paul Dickson	8,542,116	0.86	Nil	8,542,116	0.86
Peter McIntyre	22,213,905	2.25	Nil	22,213,905	2.24
Andrew Vigar	7,278,983	0.74	Nil	7,278,983	0.73
<b>Top 3 Shareholders</b>					
Macallum Group Ltd	98,314,286	9.95	Nil	98,314,286	9.92
BNP Paribas Nominees P/L – Hub 24	70,421,880	7.13	Nil	70,421,880	7.11
Occassio Holdings P/L	29,000,572	2.93	Nil	29,000,572	2.93
<b>Other Shareholders</b>	739,497,237	74.84	Nil	739,497,237	74.63
<b>Total</b>	<b>988,207,452</b>	<b>100.00</b>	<b>2,727,273</b>	<b>990,934,725</b>	<b>100.00</b>

Notes:

- (1) This assumes that no shares have been issued under Resolution 5, none of the current options on issue (including the Listed Options) in the Company are exercised and no further securities are issued.
- (2) This assumes that there are currently 988,207,452 Shares on issue.
- (3) This assumes that there will be 990,934,725 Shares on issue upon the vesting and exercise of all of the STI Options.

## **Listing Rule 10.11**

Listing Rule 10.11 requires an entity to obtain the approval of shareholders to an issue of securities to a related party. Greg Hall, being a Director of the Company is a related party. Accordingly, because the issue of the Zero Strike Priced Options will result in the Company issuing securities to a related party, approval under Listing Rule 10.11 is required.

For the purposes of Listing Rule 10.13, the Company advises as follows:

- The maximum number of STI Options to be issued is 2,727,273 STI Options to Greg Hall.

# Explanatory Memorandum

- The STI Options are intended to be granted as soon as possible following the Annual General Meeting, but in any event, within one (1) month of the date of the Annual General Meeting;
- The STI Options are being issued for nil consideration; and
- No funds are being raised by the grant of the STI Options.

In accordance with Listing Rule 7.2 (exception 14), as approval is being sought under Listing Rule 10.11, approval is not required to be obtained under Listing Rule 7.1.

Save as set out in this Explanatory Memorandum, the Directors are not aware of any other information that will be reasonably required by Shareholders to make a decision in relation to benefits contemplated by Resolutions 4.

## 6. Action to be taken by Shareholders

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Shareholders should read this Explanatory Memorandum carefully before deciding how to vote on the resolutions set out in the Notice of Meeting.

Attached to the Notice of Meeting is a proxy form for use by Shareholders. All Shareholders are invited and encouraged to attend the AGM or, if they are unable to attend in person, to complete, sign and return the proxy form to the Company in accordance with the instructions contained in the proxy form and the Notice of Meeting. Lodgement of a proxy form will not preclude a Shareholder from attending and voting at the AGM in person.

## 7. Voting entitlement

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For the purposes of determining voting entitlements at the AGM, Shares will be taken to be held by the persons who are registered as holding the Shares at 9.30am (Brisbane Time) on 23 November 2018. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the AGM.

## 8. Glossary

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For the purposes of the Notice of Meeting and Explanatory Memorandum:

**AGM or Annual General Meeting or Meeting** means the Annual General Meeting of the Company to be held on 27 November 2018;

**ASIC** means the Australian Securities & Investments Commission;

**ASX** means the ASX Limited;

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

**Business Day** means a week day on which banks are open for general banking business in Brisbane;

**Closely Related Party** (as defined in the *Corporations Act*) of a member of the Key Management Personnel for an entity means:

- (a) a spouse or child of the member; or
- (b) a child of the member's spouse; or
- (c) a dependant of the member or the member's spouse; or
- (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 dealings with the entity; or

# Explanatory Memorandum

- (e) a company the member controls; or
- (f) a person prescribed by the regulations for the purposes of this paragraph;

**Company** or **Alligator Energy Ltd** means Alligator Energy Ltd ACN 140 575 604;

**Constitution** means the governing rules of the Company approved by Shareholders from time to time;

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

**Director Fees** has the meaning given in paragraph (1)(a) of the Director Fee Plan;

**Director Fee Plan** means the plan adopted by the Directors a summary of which is set out in Annexure 1;

**Directors** means the directors of the Company from time to time;

**Explanatory Memorandum** means the explanatory memorandum accompanying the Notice of Meeting;

**Key Management Personnel** has the definition given in the accounting standards as those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any director (whether executive or otherwise) of that entity;

**Listed Options** means 310,393,619 quoted options on the ASX exercisable at \$0.021 per option before 27 December 2019 as at 9 October 2018.

**Listing Rules** or **ASX Listing Rules** means the Official Listing Rules of the ASX as amended from time to time;

**Notice of Meeting** or **Notice** means the notice of meeting which accompanies this Explanatory Memorandum;

**Ordinary Resolution** means a resolution passed by more than 50% of the votes at a general meeting of shareholders;

**Participating Directors** has the meaning given in paragraph (a) of the summary of the Director Fee Plan;

**Plan Share** means a fully paid ordinary share issued to a Director under the Director Fee Plan;

**Plan Share Price** has the meaning given in Section 4.2 of the Explanatory Memorandum;

**Resolutions** means the resolutions set out in the Notice of Meeting;

**Shares** means fully paid ordinary shares in the Company from time to time;

**Shareholders** means the holders of Shares in the Company;

**Subsidiaries** has the meaning given to that term in the Corporations Act;

**Trading Day** has the meaning given to that term in the Listing Rules; and

**VWAP** has the meaning given under the Listing Rules

# Explanatory Memorandum

## Annexure 1

### Director Fee Plan

- (a) The following Directors of the Company will be a participating director (**Participating Director**) under the Director Fee Plan:
  - (1) All non-executive Directors of the Company will be entitled during the term of the Director Fee Plan to elect to be paid some or all of their remuneration (excluding the Superannuation Guarantee Levy which will be paid separately) for director's services (but excluding executive services) (Director Fees) by way of an issue of Shares; and
  - (2) The Acting Chief Executive Officer and Executive Director will be entitled during the term of the Director Fee Plan to elect to be paid some or all of their remuneration (excluding the Superannuation Guarantee Levy which will be paid separately) for Director's services (but excluding executive services) by way of an issue of Shares.
- (i) An election notice may be given by a Participating Director within 10 Business Days after each quarter and will specify:
  - (1) the amount of any Director Fees unpaid to a Participating Director (**Outstanding Remuneration**) that a Participating Director wishes to be paid by way of Plan Shares; and
  - (2) whether the Participating Director wishes to have the Plan Shares issued in his or her own name or in the name of a nominee.
- (j) The obligation of the Company to issue any Plan Shares is subject to obtainment of any approvals which may be required under:
  - (1) the Listing Rules; and
  - (2) the Corporations Act.
- (k) At the end of each quarter in the 12 month period following the approval under Resolution 5 the Company will issue Plan Shares to Participating Directors pursuant to the election by the respective Participating Director at the Plan Share Price but subject to the adjustments set out under paragraph (f) below;
- (l) The issue price for Plan Shares will be based on the 30 Business Day VWAP for the Shares at the end of each quarter.
- (m) The Company will:
  - (1) issue the Plan Shares in lieu of any Outstanding Remuneration as specified in the Election Notice within five Business Days of receipt of an Election Notice;
  - (2) Not deduct PAYG where the director has provided the company with a Tax File Number;
  - (3) forthwith deliver a statement of holding in respect of the Plan Shares; and
  - (4) cause the Plan Shares to be listed on ASX as soon as reasonably practicable.
- (n) Where a Participating Director resigns as a Director, any amount owing for any Outstanding Remuneration will be paid by the Company in cash.
- (o) Where the Company is subject to a takeover offer or a scheme of arrangement, any outstanding Director Fees to a Participating Director may (at the Company's discretion) be paid by the Company in cash or through the issue of Plan Shares subject to Shareholder approval.

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- (p) Unless otherwise approved by shareholders of the Company, the maximum number of Plan Shares which may be issued by the Company in each 12 month period during the term of the Plan will be such number of Plan Shares approved by Shareholders.



# Explanatory Memorandum

## Annexure 2

### Terms of STI Options

1. The STI Options shall be issued for no consideration;
2. The exercise price of each STI Option is \$Nil (**Exercise Price**);
3. The STI Options will not vest and be entitled to exercise until a determination is made by the Board before the end of April 2019 that the STI Options will vest taking into consideration the performance for the 2018 field season plan, management of the operational budget and investor relations (**Vesting Conditions**);
4. The STI Options will expire on either 30 April 2019 (**Expiry Date**) unless exercised earlier;
5. The STI Options will not be transferable in whole or in part and may not be exercised by any other person (except, in the case of the STI Option holder's death, by his or her legal personal representative);
6. Subject to the relevant Vesting Conditions for each of the STI Options being satisfied, the STI Options may be exercised at any time wholly or in part by delivering a duly completed form of notice of exercise to the Company at any time on or after the date of issue of the STI Options and on or before the relevant Expiry Date;
7. The number of STI Options that may be exercised at one time must be not less than the level that allows the allotment of a marketable parcel (as defined in the Listing Rules);
8. Upon the valid exercise of the STI Options, the Company will issue fully paid ordinary shares ranking pari passu with the then issued ordinary shares;
9. Holders of the STI Options do not have any right to participate in new issues of securities in the Company made to shareholders generally. The Company will, where required pursuant to the ASX Listing Rules, provide those option holders with notice prior to the books record date (to determine entitlements to any new issue of securities made to shareholders generally) to exercise the STI Options, in accordance with the requirements of the Listing Rules.
10. Holder of the STI Options do not participate in any dividends unless the STI Options are exercised and the resultant shares of the Company are issued prior to the record date to determine entitlements to the dividend;
11. In the event of any reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Company:
  - a) the number of STI Options will be reconstructed (as appropriate) in a manner consistent with the ASX Listing Rules as applicable at the time of reconstruction, but with the intention that such reconstruction will not result in any benefits being conferred on the holders of the STI Options which are not conferred on shareholders; and
  - b) subject to the provisions with respect to rounding of entitlements as sanctioned by a meeting of shareholders approving a reconstruction of capital, in all other respects the terms for the exercise of the STI Options will remain unchanged;
12. If there is a bonus issue to the holders of shares in the Company, the number of shares over which the STI Option is exercisable may be increased by the number of shares which the option holder would have received if the STI Option had been exercised before the record date for the bonus issue;
13. The terms of the STI Options shall only be changed if holders (whose votes are not to be disregarded) of ordinary shares in the Company approve of such a change. However, the terms of the STI Options shall not be changed to reduce the Exercise Price, increase the number of STI Options or change any period for exercise of the STI Options;
14. The Company does not intend to apply for listing of the STI Options on the ASX; and

# Explanatory Memorandum

15. The Company shall apply for listing of the resultant shares of the Company issued upon exercise of any STI Option.