
FIRST GRAPHENE LIMITED**ACN 007 870 760****NOTICE OF ANNUAL GENERAL MEETING**

TIME: 3:30 pm AEST**DATE:** Friday, 8 November 2019**PLACE:** Royal Automobile Club of Australia
89 Macquarie Street
SYDNEY NSW 2000

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

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 1300 660 448.

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IMPORTANT INFORMATION

Time and place of Meeting

Notice is given that the Meeting will be held at 3:30 pm (AEST) on Friday, 8 November 2019 at Royal Automobile Club of Australia, 89 Macquarie Street Sydney NSW 2000.

Your vote is important

The business of the Meeting affects your shareholding and your vote is important.

Voting eligibility

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 4:00pm (AEDT) on 6 November 2019.

Voting in person

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

Voting by proxy

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

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

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify

the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

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

Further details on these changes are set out below.

Proxy vote if appointment specifies way to vote

Section 250BB (1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does:**

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on, the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- if the proxy is not the chair, the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
 - the proxy is not recorded as attending the meeting; or
 - the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

BUSINESS OF THE MEETING

AGENDA

ORDINARY BUSINESS

REPORTS AND ACCOUNTS

To receive and consider the Annual Report of the Company for the year ended 30 June 2019 which includes the Financial Report, the Directors' Report, the Remuneration Report and the Auditor's Report.

1. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

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

“That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's Annual Report.”

Please note: The vote on Resolution 1 is advisory only and does not bind the Directors or the Company.

Voting Prohibition Statement:

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

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

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

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

2. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – MR PETER YOUD

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

“That, for the purposes of clause 14.2 of the Constitution of the Company, ASX Listing Rule 14.5 and for all other purposes, Mr Peter Youd, who retires, and being eligible, is re-elected as a Director.”

3. RESOLUTION 3 – RATIFICATION OF PRIOR ISSUE – SHARES

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

“That, for the purposes of ASX Listing Rule 7.4 and all other purposes, Shareholders ratify the issue of 9,666,670 Shares on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who participated in the issue or any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a 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 a direction on the Proxy Form to vote as the proxy decides. .

4. RESOLUTION 4 – RATIFICATION OF PRIOR SHARE ISSUE TO EMPLOYEES IN CONSIDERATION FOR SERVICES

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

“That, for the purposes of ASX Listing Rule 7.4 and all other purposes, Shareholders ratify the issue of 160,000 Shares on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who participated in the issue or any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a 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 a direction on the Proxy Form to vote as the proxy decides.

5. RESOLUTION 5 – RATIFICATION OF PRIOR UNLISTED OPTION ISSUE – FOSTER STOCKBROKING

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

“That, for the purposes of ASX Listing Rule 7.4 and all other purposes, this meeting ratifies the issue of 5,000,000 Unlisted Options on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who participated in the issue or any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a 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 a direction on the Proxy Form to vote as the proxy decides..

6. RESOLUTION 6 – RATIFICATION OF PRIOR ISSUE – SHARES

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

“That, for the purposes of ASX Listing Rule 7.4 and all other purposes, Shareholders ratify the issue of 23,333,334 Shares on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who participated in the issue or any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a 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 a direction on the Proxy Form to vote as the proxy decides.

7. RESOLUTION 7 – RATIFICATION OF PRIOR LISTED OPTION ISSUE TO EMPLOYEES IN CONSIDERATION FOR SERVICES

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

“That, for the purposes of ASX Listing Rule 7.4 and all other purposes, Shareholders ratify the issue of 500,000 Listed Options on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who participated in the issue or any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a 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 a direction on the Proxy Form to vote as the proxy decides.

8. RESOLUTION 8 – RATIFICATION OF PRIOR LISTED OPTION ISSUE – TRAXYS

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

“That, for the purposes of ASX Listing Rule 7.4 and all other purposes, Shareholders ratify the issue of 3,000,000 Listed Options on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who participated in the issue or any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a 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 a direction on the Proxy Form to vote as the proxy decides.

9. RESOLUTION 9 – APPROVAL OF EMPLOYEE OPTION SCHEME

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

“That, for the purposes of ASX Listing Rule 7.2 (Exception 9(b)) and for all other purposes, approval is given for the re-adoption of the Company's “Employee Option Scheme” and for the issue of securities under that Employee Option Scheme, on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of any Director except one who is ineligible to participate in any employee incentive scheme in relation to the Company, or any associates of those Directors. However, the Company need not disregard a vote if it is cast by a person as a 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 a direction on the Proxy Form to vote as the proxy decides.

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.

10. RESOLUTION 10 – ISSUE OF DIRECTOR OPTIONS – MR WARWICK GRIGOR

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

“That, for the purposes of section 195(4), section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue, up to 3,000,000 Director Options to Mr Warwick Grigor (or his nominee) under the Employee Option Scheme in accordance with terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of Mr Warwick Grigor (or his nominee) or any of their associates (**Resolution 10 Excluded Party**). However, the Company need not disregard a vote if it is cast by a **person** as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, provided the Chair is not a Resolution 10 Excluded Party, 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 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.
- Provided the Chair is not a Resolution 10 Excluded Party, the above prohibition does not apply if:
- (a) the proxy is the Chair; and
 - (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

11. RESOLUTION 11 – ISSUE OF DIRECTOR OPTIONS – MR CRAIG MCGUCKIN

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

“That, for the purposes of section 195(4), section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue, up to 3,000,000 Director Options to Mr Craig McGuckin (or his nominee) under the Employee Option Scheme in accordance with the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of Mr Craig McGuckin (or his nominee) or any of their associates (**Resolution 11 Excluded Party**). However, the Company need not disregard a vote if it is cast by a **person** as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, provided the Chair is not a Resolution 11 Excluded Party, 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 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.
- Provided the Chair is not a Resolution 11 Excluded Party, the above prohibition does not apply if:
- (a) the proxy is the Chair; and
 - (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

12. RESOLUTION 12 – ISSUE OF DIRECTOR OPTIONS – MR PETER YOUD

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

“That, for the purposes of section 195(4), section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue, up to 3,000,000 Director Options to Mr Peter Youd (or his nominee) under the Employee Option Scheme in accordance with terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of Mr Peter Youd (or his nominee) or any of their associates (**Resolution 12 Excluded Party**). However, the Company need not disregard a vote if it is cast by a **person** as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, provided the Chair is not a Resolution 12 Excluded Party, 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.

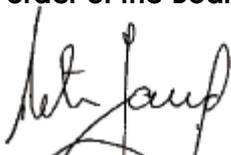
Voting Prohibition Statement:

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.
- Provided the Chair is not a Resolution 12 Excluded Party, the above prohibition does not apply if:
- (a) the proxy is the Chair; and
 - (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

Dated: 7 October 2019

By order of the Board



**Mr Peter Richard Youd
Director and Company Secretary**

EXPLANATORY STATEMENT

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

FINANCIAL STATEMENTS AND REPORTS

In accordance with the Constitution, the business of the Meeting will include receipt and consideration of the Annual Report of the Company for the financial year ended 30 June 2019.

The Company will not provide a hard copy of the Company's Annual Report to Shareholders unless specifically requested to do so. The Company's Annual Report is available on its website at firstgraphene.net.

1. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT FOR YEAR ENDED 30 JUNE 2019

1.1 General

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

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

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

1.2 Voting consequences

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

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

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

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

1.3 Previous voting results

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

1.4 Proxy voting restrictions

Shareholders appointing a proxy for this Resolution should note the following:

Proxy	Directed	Undirected
Key Management Personnel ¹	Voted	Not voted ³
Chair ²	Voted	Voted at discretion of Proxy ⁴
Other	Voted	Voted at discretion of Proxy

Notes:

1. Refers to Key Management Personnel (other than the Chair) whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member.
2. Refers to the Chair (where he/she is also a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report), or a Closely Related Party of such a member).
3. Undirected proxies granted to these persons will not be voted and will not be counted in calculating the required majority if a poll is called on this Resolution.
4. The Proxy Form notes it is the Chair's intention to vote all undirected proxies in favour of all Resolutions.

2. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – MR PETER YOUD

Clause 14.2 of the Constitution provides

- (a) at the Company's annual general meeting in every year, one-third of the Directors for the time being, or, if their number is not a multiple of 3, then the number nearest one-third, shall retire from office;
- (b) a Director (other than a Managing Director) must retire from office at the conclusion of the third annual general meeting after which the Director was elected or re-elected;
- (c) the Directors to retire at an annual general meeting are those who have been longest in office since their last election, but, as between persons who became Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by ballot; and
- (d) a retiring Director is eligible for re-election;
- (e) in determining the number of Directors to retire, no account is to be taken of:
 - (i) a Director who only holds office until the next annual general meeting pursuant to clause 14.4 of the Constitution; and/or
 - (ii) a Managing Director,

each of whom are exempt from retirement by rotation. However, if more than one Managing Director has been appointed by the Directors, only

one of them (nominated by the Directors) is entitled to be excluded from any determination of the number of Directors to retire and/or retirement by rotation.

The Company currently has 2 Directors (not including Managing Director Craig McGuckin) and accordingly 1 must retire.

Warwick Grigor was re-elected at the 2018 Annual General Meeting and therefore Peter Youd retires by rotation and seeks re-election at this Meeting.

2.2 Qualifications and other material directorships

A biography of Peter Youd, who was appointed as a Director in June 2014, is set out in the Company's annual financial report for the year ended 30 June 2019.

2.3 Independence

The Board considers that Mr Youd is not an independent director because he is an executive director.

2.4 Board recommendation

The Directors, with Mr Peter Youd abstaining, support the election of Mr Youd and recommend Shareholders vote in favour of Resolution 2 and are not aware of any additional information that would be considered material to Shareholders' decision to re-elect Mr Youd.

3. RESOLUTION 3 – RATIFICATION OF PRIOR ISSUE – SHARES

3.1 General

On 11 December 2018, the Company announced it would raise up to \$1,500,000 via a private placement of up to 10,000,000 Shares at an issue price of \$0.15 per Share (**2018 Placement**).

The Company issued 9,666,670 Shares without prior Shareholder approval out of its Listing Rule 7.1 annual placement capacity. Resolution 3 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those Shares (**First Ratification**).

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

3.2 Specific information required by ASX Listing Rule 7.5 with respect to Resolution 3

For the purposes of ASX Listing Rule 7.5, the following information is provided in relation to the First Ratification:

- (a) 9,666,670 Shares were issued on 14 December 2018;
- (b) the Shares were issued for \$0.15 each;
- (c) the Shares issued are fully paid ordinary shares in the Company and rank equally in all respects with the Company's existing ordinary shares;
- (d) the Shares were issued to sophisticated and professional investors who were existing institutional and sophisticated shareholders and to whom under section 708 of the Corporations Act a disclosure document under Chapter 6D of the Corporations Act is not required to be given, and none of whom is a related party of the Company; and
- (e) the funds from the 2018 Placement were used to support the commissioning of the facilities at GEIC and the recruitment of additional sales and technical staff.

3.3 Directors' recommendation

The Directors recommend that the Shareholders vote in favour of the Resolution.

4. RESOLUTION 4 – RATIFICATION OF PRIOR SHARE ISSUE TO EMPLOYEES IN CONSIDERATION FOR SERVICES

4.1 General

On 10 January 2019, the Company issued 160,000 Shares out of its Listing Rule 7.1 annual placement capacity, as part remuneration for services provided by various employees of the Company.

Resolution 4 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those Shares (**Second Ratification**).

A summary of ASX Listing Rule 7.1 and 7.4 is set out in section 3.1 above.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

4.2 Technical information required by ASX Listing Rule 7.4 with respect to Resolution 4

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the Second Ratification:

- (a) 160,000 Shares were issued;
- (b) the Shares were issued for nil cash consideration, at a deemed issue price of \$0.17 per Share, as a non-cash bonus for employees in respect of their engagement by the Company;
- (c) the Shares issued are fully paid ordinary shares in the Company and rank equally in all respects with the Company's existing ordinary shares;

- (d) the Shares were issued to Mr David Bennett, Mr Neil Armstrong, Mr Ben Dunkling, Mr Phil Le Couteur and Mr Daniel Kneebone, all employees of the Company, who are not related parties of the Company; and
- (e) no funds were raised from this issue as the Shares were issued as a non-cash bonus for employees in respect of their engagement by the Company.

4.3 Directors' recommendation

The Directors recommend that the Shareholders vote in favour of the Resolution.

5. RESOLUTION 5 – RATIFICATION OF PRIOR UNLISTED OPTION ISSUE – FOSTER STOCKBROKING

5.1 General

In February 2019, the Company engaged Foster Stockbroking Pty Limited (**FSB**) as the Company's institutional broker. Under the terms of the mandate with FSB and in consideration for the services provided by FSB, the Company agreed to issue 5,000,000 Unlisted Options to FSB. On 26 February 2019 the Company issued the 5,000,000 Unlisted Options to FSB using its placement capacity under Listing Rule 7.1.

Resolution 5 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those Unlisted Options (**Third Ratification**).

A summary of ASX Listing Rule 7.1 and 7.4 is set out in section 3.1 above.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

5.2 Specific information require by ASX Listing Rule 7.5 with respect to Resolution 5

For the purposes of ASX Listing Rule 7.5, the following information is provided in relation to the Third Ratification:

- (a) 5,000,000 Unlisted Options were issued on 26 February 2019;
- (b) the Unlisted Options were issued for nil cash consideration (using the Black Scholes model ascribed a theoretical fair value of \$0.0611 per Unlisted Option) in satisfaction of services relating to acting as the Company's institutional broker provided by FSB;
- (c) the Unlisted Options were issued on the terms and conditions set out in Schedule 1;
- (d) the Unlisted Options were issued to FSB, an Australian entity, which is not a related party of the Company; and
- (e) no funds were raised from this issue as the Unlisted Options were issued as part consideration for institutional broking services provided to the Company.

5.3 Directors' recommendation

The Directors recommend that the Shareholders vote in favour of the Resolution.

6. RESOLUTION 6 – RATIFICATION OF PRIOR ISSUE – SHARES

6.1 General

On 4 April 2019, the Company announced it would raise up to \$3,500,000 via a private placement of up to 23,333,334 Shares at an issue price of \$0.15 per Share (**2019 Placement**), with FSB acting as lead manager to the 2019 Placement.

The Company issued 23,333,334 Shares without prior Shareholder approval under its Listing Rule 7.1 annual placement capacity. Resolution 6 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those Shares (**Fourth Ratification**).

A summary of ASX Listing Rule 7.1 and 7.4 is set out in section 3.1 above.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

6.2 Specific information required by ASX Listing Rule 7.5 with respect to Resolution 6

For the purposes of ASX Listing Rule 7.5, the following information is provided in relation to the Fourth Ratification:

- (a) 23,333,334 Shares were issued on 11 April 2019;
- (b) the Shares were issued for \$0.15 each;
- (c) the Shares issued are fully paid ordinary shares in the Company and rank equally in all respects with the Company's existing ordinary shares;
- (d) the Shares were issued to eligible sophisticated and professional investors to whom under section 708 of the Corporations Act a disclosure document under Chapter 6D of the Corporations Act is not required to be given, and none of whom is a related party of the Company; and
- (e) the funds from the 2019 Placement were used for general working capital purposes and to advance the Company's facility at the Graphene Engineering Innovation Centre at the University of Manchester and to increase efforts to expand the sales and marketing functions of the Company.

6.3 Directors' recommendation

The Directors recommend that the Shareholders vote in favour of the Resolution.

7. RESOLUTION 7 – RATIFICATION OF PRIOR LISTED OPTION ISSUE TO EMPLOYEE IN CONSIDERATION FOR SERVICES

7.1 General

On 14 May 2019, the Company issued 500,000 Listed Options under its ASX Listing Rule 7.1 placement capacity as part remuneration for services provided by a UK employee in respect of his employment.

Resolution 7 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those Listed Options (**Fifth Ratification**).

A summary of ASX Listing Rule 7.1 and 7.4 is set out in section 3.1 above.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

7.2 Technical information required by ASX Listing Rule 7.4 with respect to Resolution 7

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the Fifth Ratification:

- (a) 500,000 Listed Options were issued;
- (b) the Listed Options were issued for nil cash consideration (using the Black Scholes model ascribed a theoretical fair value of \$0.0582 per Unlisted Option) in satisfaction of services provided by UK employee in respect of his employment;
- (c) the Listed Options were issued on the terms and conditions set out in Schedule 2;
- (d) the Listed Options were issued to Paul Ladislaus an employee of the Company working in UK, who is not a related party of the Company; and
- (e) no funds were raised from this issue as the Listed Options were issued as part remuneration for services provided by a UK employee in respect of his employment.

7.3 Directors' recommendation

The Directors recommend that the Shareholders vote in favour of the Resolution.

8. RESOLUTION 8 – RATIFICATION OF PRIOR LISTED OPTION ISSUE – TRAXYS

8.1 General

In April 2018, the Company entered into marketing arrangements with New York based traders, Traxys North America LLC (**Traxys**). On 10 April 2018, the Company issued 3,000,000 Listed Options to Traxys as part consideration for services provided pursuant to the marketing arrangements. Further to this agreement a further 3,000,000 Listed Options were to be issued upon the exercise of these initial 3,000,000 Listed Options issued in April 2018. In June 2019 the initial 3,000,000 Listed Options were exercised by Traxys and as such the Company issued a further 3,000,000 Listed Options to Traxys on 18 June 2019 under its Listing Rule 7.1 placement capacity.

Resolution 8 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those Listed Options (**Sixth Ratification**).

A summary of ASX Listing Rule 7.1 and 7.4 is set out in section 3.1 above.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

8.2 Specific information required by ASX Listing Rule 7.5 with respect to Resolution 8

For the purposes of ASX Listing Rule 7.5, the following information is provided in relation to the Sixth Ratification:

- (a) 3,000,000 Listed Options were issued on 18 June 2019;

- (b) the Listed Options were issued for nil cash consideration (with a value of \$288,000 based on the closing price of Listed Options (ASX:FGROC) on the ASX on 18 June 2019 being \$0.096) in satisfaction of services relating to marketing services provided by Traxys;
- (c) the Listed Options issued were issued on the terms and conditions set out in Schedule 2;
- (d) the Listed Options were issued to Traxys, a North American entity, which is not a related party of the Company; and
- (e) no funds were raised from this issue as the Shares were issued in consideration of marketing services to the Company.

8.3 Directors' recommendation

The Directors recommend that the Shareholders vote in favour of the Resolution.

9. RESOLUTION 9 – APPROVAL OF EMPLOYEE OPTION SCHEME

9.1 General

The Company considers that it is desirable to maintain a plan pursuant to which the Company can issue Options to eligible Directors, employees and consultants in order to attract, motivate and retain quality persons for the benefit of the Company and the Shareholders.

Accordingly, Resolution 9 seeks Shareholder approval for the re-adoption of the Employee Option Scheme in accordance with Listing Rule 7.2 (Exception 9(b)).

Under the Employee Option Scheme, the Board may offer to eligible persons the opportunity to subscribe for such number of Options in the Company as the Board may decide and on the terms set out in the rules of the Scheme, a summary of which is set out at Schedule 3. The Company's Employee Option Scheme was last approved by Shareholders on 27 November 2015.

In addition, a copy of the Scheme is available for review by Shareholders at the registered office of the Company until the date of the Meeting. A copy of the Scheme can also be sent to Shareholders upon request to the Company Secretary. Shareholders are invited to contact the Company if they have any queries or concerns.

9.2 Application of Listing Rule 7.1 and Listing Rule 7.2 exception 9(b)

A summary of ASX Listing Rule 7.1 is detailed in section 3.1 of this Notice.

ASX Listing Rule 7.2 exception 9(b) provides an exception to Listing Rule 7.1 by which Equity Securities issued under an employee incentive scheme are exempt for a period of 3 years from the date on which shareholders approve the issue of Equity Securities under the scheme as an exception to Listing Rule 7.1.

If Resolution 9 is passed, the Company will be able to issue Equity Securities under the Scheme to eligible participants over a further period of 3 years without impacting on the Company's ability to issue up to 15% of its total ordinary Securities without Shareholder approval in any 12 month period.

30,000,000 Equity Securities have been issued under the Employee Option Scheme since it was adopted by Shareholders on 27 November 2015.

Prior Shareholder approval will be required under Listing Rule 10.14 before any Director or related party of the Company can participate in the Scheme.

Pursuant to the Listing Rules, Shareholders must re-approve the Employee Option Scheme and all unissued Options issuable pursuant thereto every 3 years.

9.3 Directors' recommendation

The Directors recommend that the Shareholders vote in favour of the Resolution.

10. RESOLUTIONS 10 TO 12 – ISSUE OF DIRECTOR OPTIONS

10.1 General

The Company has agreed, subject to obtaining Shareholder approval, to issue a total of 9,000,000 unlisted Options (**Director Options**) to Messrs Grigor, McGuckin and Youd (**Directors**) as follows:

- (a) 3,000,000 Director Options to Mr Warwick Grigor (Resolution 10);
- (b) 3,000,000 Director Options to Mr Craig McGuckin (Resolution 11); and
- (c) 3,000,000 Director Options to Mr Peter Youd (Resolution 12);

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

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

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

The grant of the Director Options constitutes giving a financial benefit and Messrs Grigor, McGuckin and Youd are related parties of the Company by virtue of being Directors.

In addition, ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

As it is proposed that Director Options be issued to all Directors, the Directors have been unable to form quorum to consider whether one of the exceptions set out in sections 210 to 216 of the Corporations Act or ASX Listing Rule 10.12 applies to these issues. Accordingly, Shareholder approval is sought for the issue of Director Options to the Directors.

10.2 Section 195(4) of the Corporations Act

Section 195 of the Corporations Act provides that a Director of a public company may not vote or be present during meetings of Directors when matters in which that Director holds a "material personal interest" are being considered, except in certain limited circumstances. Section 195(4) relevantly provides that if there are

not enough Directors to form a quorum for a Directors meeting because of this restriction, one or more of the Directors may call a general meeting and the general meeting may pass a resolution to deal with the matter.

It might be argued (but it is neither conceded nor, indeed, is it thought by the Board to be the case) that the three Directors comprising the Board have a material personal interest in the outcome of Resolutions 10 to 12. If each does have such an interest, then a quorum could not be formed to consider the matters contemplated by Resolutions 10 to 12 at Board level.

For the avoidance of any doubt, and for the purpose of transparency and best practice corporate governance, the Company also seeks Shareholder approval for Resolutions 10 to 12 for the purposes of section 195(4) of the Corporations Act.

10.3 Technical information required by Chapter 2E of the Corporations Act and ASX Listing Rule 10.11

Pursuant to and in accordance with the requirements of sections 219 of the Corporations Act and ASX Listing Rule 10.13, the following information is provided in relation to the proposed issue of Director Options to the Directors:

- (a) the related parties are Messrs Grigor, McGuckin and Youd and they are related parties by virtue of being Directors;
- (b) the maximum number of Director Options to be issued to the Directors (or their nominees) is:
 - (i) 3,000,000 Director Options to Mr Warwick Grigor;
 - (ii) 3,000,000 Director Options to Mr Craig McGuckin; and
 - (iii) 3,000,000 Director Options to Mr Peter Youd,

if a Director resigns within 12 months of the date of issue of the Director Options then 1/3 of that Director's unexercised Options will automatically lapse at the time of resignation, with the outgoing Director retaining the 2/3 balance of unexercised Director Options;

- (c) the Director Options will be granted to the Directors no later than 1 month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated the Director Options will be issued on one date;
- (d) the Director Options will be granted for nil cash consideration, accordingly no funds will be raised from the issue of the Director Options. However, each Director will be required to pay the applicable exercise price upon exercise of the Director Options;
- (e) The terms and conditions of the Director Options are set out in Schedule 4. The exercise price per Option will be the higher of 25 cents or the 5 day VWAP of Shares traded on ASX for the five trading days up to and including the day prior to the Annual General Meeting, which will be announced by the Company to ASX before the Annual General Meeting;
- (f) the maximum value of the Director Options based on a minimum exercise price of \$0.25, being the financial benefit being given to the Directors, and the pricing methodology is set out in Schedule 5;

- (g) the relevant interests of the Directors in securities of the Company as at the date of this Notice are set out below:

Related Party	Shares	Options
Mr Warwick Grigor	17,105,946 ¹	5,137,500
Mr Craig McGuckin	7,881,240 ²	Nil
Mr Peter Youd	6,511,521 ³	52,091

Notes:

1. Comprising 100,000 Shares held by Far East Capital Limited, 14,905,946 Shares held by Gregorach Pty Ltd, 1,100,000 Shares held by Gregorach Pty Ltd ATF Grigor Superfund A/C and 1,000,000 Shares held by Sgian Dubh Pty Ltd.
2. Comprising of 7,158,513 Shares held jointly by Craig and Lee Ann McGuckin ATF McGuckin Family Trust and 722,727 Shares held jointly by Craig and Lee Ann McGuckin ATF McGuckin Superannuation A/C.
3. Comprising 6,094,794 Shares held by Hallidaf Management Limited and 416,727 Shares held by Kingston Vale Pty Ltd ATF Youd Family A/C.

- (h) the remuneration and emoluments from the Company to the Directors and their associates for the previous two financial years are set out below:

Related Party	FY 2018 \$	FY 2019 \$	Current Financial Year \$
Mr Warwick Grigor	439,912	320,818	131,400
Mr Craig McGuckin	895,621	488,597	492,408
Mr Peter Youd	833,823	433,919	431,258

- (i) if the Director Options issued to the Directors are exercised, a total of 9,000,000 Shares would be issued. This will increase the number of Shares on issue from 474,716,331 to 483,716,331 (assuming that no Options are exercised other than the Director Options and no other Shares are issued) with the effect that the shareholding of existing Shareholders would be diluted by an aggregate of 1.8% comprising 0.6% by each of Messrs Grigor, McGuckin and Youd;
- (j) the trading history of the Shares on ASX in the 12 months before 19 September 2019 being the date this Notice was finalised is set out below:

	Price	Date
Highest	\$0.31	14 June 2019
Lowest	\$0.12	11 October 2018
Last	\$0.175	18 September 2019

- (k) the Board acknowledges the grant of Director Options to Mr Grigor is contrary to Recommendation 8.3 of The Corporate Governance Principles and Recommendations (3rd Edition) as published by The ASX Corporate Governance Council. However, the Board considers the grant of Director Options to Mr Grigor is reasonable in the circumstances for the reason set out in paragraph (l);
- (l) the primary purpose of the grant of the Director Options to the Directors is to provide a performance linked incentive component in the

remuneration package for the Directors to motivate and reward the performance of the Directors in their respective roles as Directors. The Board considers that the grant of the Director Options, aligns the interests of the Company and Directors with that of Shareholders;

- (m) Mr Grigor declines to make a recommendation to Shareholders in relation to Resolution 10 due to his material personal interest in the outcome of the Resolution on the basis that he is to be granted Director Options in the Company should Resolution 10 be passed. However, in respect of Resolutions 11 and 12, Mr Grigor recommends that Shareholders vote in favour of those Resolutions for the following reasons:
 - (i) the grant of Director Options to the Directors, will align the interests of the Directors with those of Shareholders;
 - (ii) the grant of the Director Options is a reasonable and appropriate method to provide cost effective remuneration as the non-cash form of this benefit will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to the Directors; and
 - (iii) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in granting the Director Options upon the terms proposed;
- (n) Mr McGuckin declines to make a recommendation to Shareholders in relation to Resolution 11 due to his material personal interest in the outcome of the Resolution. However, in respect of Resolutions 10 and 12, Mr McGuckin recommends that Shareholders vote in favour of those Resolutions for the reasons set out in paragraph (l);
- (o) Mr Youd declines to make a recommendation to Shareholders in relation to Resolution 12 due to his material personal interest in the outcome of the Resolution. However, in respect of Resolutions 10 and 11, Mr Youd recommends that Shareholders vote in favour of those Resolutions for the reasons set out in paragraph (l);
- (p) in forming their recommendations, each Director considered the experience of each other Eligible Participant, the existing and proposed contribution of each Eligible Participant to the Company and the current market practices when determining the provision of the Director Options; and
- (q) the Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolutions 10 to 12.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Director Options to the Directors as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Director Options to the Directors will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

GLOSSARY

\$ means Australian dollars.

AEST means Australian Eastern Standard Time as observed in Sydney, New South Wales.

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

Annual Report means the annual financial of the Company which includes the Director's declaration, the Directors' report, the Remuneration Report, the financial report and Auditor's report in respect to the financial year ended 30 June 2019.

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

ASX Listing Rules means the Listing Rules of ASX.

Auditor's Report means the auditor's report on the Financial Report.

Board means the current board of directors of the Company.

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

Chair means the chair of the Meeting.

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

- (a) a spouse or child of the member; or
- (b) Has the meaning given in section 9 of the Corporations Act.

Company means First Graphene Limited (ACN 007 870 760).

Constitution means the Company's constitution.

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

Directors means the current directors of the Company.

Director Option means an unlisted option to acquire a Share with the terms and conditions set out in Schedule 3 issued pursuant to Resolutions 10 to 12.

Directors' Report means the annual directors' report prepared under Chapter 2M of the Corporations Act for the Company.

Eligible Entity means an entity that, at the date of the relevant general meeting:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) Has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

Employee Option Scheme or **Scheme** means the employee option scheme the subject of Resolution 9 and as summarised in Schedule 3, previously adopted by the Company at its annual general meeting held on 27 November 2015.

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

Explanatory Statement means the explanatory statement accompanying the Notice.

Financial Report means the annual financial report prepared under Chapter 2M of the Corporations Act of the Company.

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

Listed Option means an option to acquire a Share with the terms and conditions set out in Schedule 2.

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

Option means an option to acquire a Share.

Ordinary Securities has the meaning set out in the ASX Listing Rules.

Proxy Form means the proxy form accompanying the Notice.

Remuneration Report means the Remuneration Report of the Company in respect of the financial year ended 30 June 2019 contained in the Directors' Report.

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

Section means a section of the Explanatory Statement.

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

Shareholder means a registered holder of a Share.

Spill Meeting has the meaning given in Section 2.

Spill Resolution has the meaning given in Resolution 2.

Traxys means Traxys North America LLC.

Unlisted Option means an option to acquire a Share with the terms and conditions set out in Schedule 1.

SCHEDULE 1 – TERMS AND CONDITIONS OF UNLISTED OPTIONS

The terms and conditions of the Unlisted Options are set out below:

- (a) Each Unlisted Option entitles the holder to subscribe for one Share in the Company at an exercise price of \$0.18 (**Exercise Price**).
- (b) The Unlisted Options will expire at 5:00 pm (AEST) on 26 February 2022 (**Expiry Date**). Any Unlisted Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (c) The Company will not apply for quotation of Unlisted Options on ASX.
- (d) There is no obligation to exercise the Unlisted Options.
- (e) The Unlisted Options may be exercised in whole or in part, and if exercised in part, multiples of 500 Unlisted Options must be exercised on each occasion. Where less than 500 Unlisted Options are held, all Unlisted Options must be exercised together.
- (f) A holder of Unlisted Options may exercise its Unlisted Options by lodging with the Company Secretary at the Company's registered office, before the Expiry Date:
 - (i) A written notice of exercise of Unlisted Options specifying the number of Unlisted Options being exercised (**Exercise Notice**); and
 - (ii) A cheque or electronic funds transfer for the total Exercise Price for the number of Unlisted Options being exercised.
- (g) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
- (h) Within 10 Business Days of receipt of the Exercise Notice accompanied by the appropriate Exercise Price, the Company will allot the number of Shares required under these terms in respect of the number of Unlisted Options specified in the Exercise Notice.
- (i) The Unlisted Options are freely transferable.
- (j) All Shares issued upon the exercise of Unlisted Options will be fully paid and will rank pari passu in all respects with other issued Shares.
- (k) The Company will apply for Official Quotation by ASX of the Shares issued upon exercise of Unlisted Options within 10 Business Days of issue of the Shares.
- (l) If the Company offers Shares by way of a pro rata issue (except a bonus issue) to the holders of Shares (whether renounceable or non-renounceable), the exercise price of an Unlisted Option may be reduced in accordance with the formula set out in Listing Rule 6.22.2.
- (m) If there is a bonus issue to the holders of Shares in the Company then the number of Shares over which each Unlisted Option is exercisable will be increased by the number of Shares which the holder would have received under the bonus issue if the Unlisted Option had been exercised before the record date for the bonus issue.

- (n) In the event of any reorganisation (including a consolidation, sub-division, reduction, cancellation or return) of the issued capital of the Company, the rights of the Unlisted Option holder will be changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.
- (o) Unlisted Options do not entitle the holder to:
- (i) participate in a new issue of Shares or other Securities;
 - (ii) receive dividends; or
 - (iii) attend, or vote at, meetings of the Company,
- without first exercising the Unlisted Option.
- (p) Other than as set out above, an Unlisted Option does not confer the right to a change in the Exercise Price or a change in the number of underlying Securities over which the Unlisted Option can be exercised.

SCHEDULE 2 – TERMS AND CONDITIONS OF THE LISTED OPTIONS

The material terms of the Listed Options are set out below:

(a) **Entitlement**

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

(b) **Exercise Price**

Subject to paragraph (i), the exercise price per Listed Option (**Exercise Price**) will be:

- (i) \$0.15, if exercised on or before 8 August 2019;
- (ii) \$0.20 if exercised after 8 August 2019 but on or before 8 August 2020; and
- (iii) \$0.25 if exercised after 8 August 2020 but on or before 8 August 2021.

(c) **Expiry Date**

Each Listed Option will expire at 5:00 pm (WST) on the date which is 8 August 2021 (**Expiry Date**). A Listed Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

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

(e) **Notice of Exercise**

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

(f) **Exercise Date**

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

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

Within 15 Business Days after the later of the following:

- (i) the Exercise Date; and
- (ii) when excluded information in respect to the Company (as defined in section 708A(7) of the Corporations Act) (if any) ceases to be excluded information,

but in any case no later than 20 Business Days after the Exercise Date, the Company will:

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

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

(h) **Shares issued on exercise**

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

(i) **Reconstruction of capital**

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

(j) **Participation in new issues**

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

(k) **Change in exercise price**

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

(l) **Transferability**

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

(m) **ASX Compliance**

The terms of the Listed Options may be amended in order to comply with the ASX Listing Rules.

SCHEDULE 3 – SUMMARY OF EMPLOYEE OPTION SCHEME

The Board has adopted the Employee Option Scheme to allow eligible participants to be granted Options to acquire Shares in the Company. The principle terms of the Employee Option Scheme are summarised below.

- (a) **Eligibility and Grant of Options:** The Board may grant Options to any Director, full or part time employee, or casual employee, consultant or contractor who falls within ASIC Class Order 14/1000, of the Company or an associated body corporate (**Eligible Participant**). The Board may also offer Options to a prospective Eligible Participant provided the Offer can only be accepted if they become an Eligible Participant. Options may be granted by the Board at any time.
- (b) **Consideration:** Each Option granted under the Scheme will be granted for nil or no more than nominal cash consideration.
- (c) **Conversion:** Each Option is exercisable into one Share in the Company ranking equally in all respect with the existing issued Shares in the Company.
- (d) **Exercise Price and Expiry Date:** The exercise price and expiry date for Options granted under the Scheme will be determined by the Board prior to the grant of the Options.
- (e) **Exercise Restrictions:** The Options granted under the Scheme may be subject to conditions on exercise as may be fixed by the Directors prior to grant of the Options (**Exercise Conditions**). Any restrictions imposed by the Directors must be set out in the offer for the Options.
- (f) **Lapsing of Options:** An unexercised Option will lapse:
 - (i) on its Expiry Date;
 - (ii) if any Exercise Condition is unable to be met and is not waived, as determined by the Board; or
 - (iii) subject to certain good leaver exceptions, where the Eligible Participant ceases to be an Eligible Participant.
- (g) **Disposal of Options:** Options will not be transferable except to the extent the Scheme or any offer provides otherwise.
- (h) **Quotation of Options:** Options will not be quoted on the ASX, except to the extent provided for by the Scheme or unless an offer provides otherwise.
- (i) **Trigger Events:** Upon certain trigger events, being a change in control of the Company (including by takeover or entry into a scheme of arrangement) or redundancy, any Option which has not at that time become exercisable or lapsed, becomes exercisable.
- (j) **Disposal of Shares:** The Board may, in its discretion, determine that a restriction period will apply to some or all of the Shares issued on exercise of Options, up to a maximum of five (5) years from the date of grant of the Options.
- (k) **Participation in Rights Issues and Bonus Issues:** There are no participating rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options.

- (l) **Reorganisation:** The terms upon which Options will be granted will not prevent the Options being re-organised as required by the Listing Rules on the re-organisation of the capital of the Company.

- (m) **Limitations on Offers:** The Company must have reasonable grounds to believe, when making an Offer, that the number of Shares to be received on exercise of Options offered under an Offer, when aggregated with the number of Shares issued or that may be issued as a result of offers made at any time during the previous 3 year period under an employee incentive scheme covered by the Class Order or an ASIC exempt arrangement of a similar kind to an employee incentive scheme, will not exceed 5% of the total number of Shares on issue at the date of the Offer.

SCHEDULE 4 – TERMS AND CONDITIONS OF DIRECTOR OPTIONS

The material terms of the unlisted Director Options are set out below:

(a) **Entitlement**

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

(b) **Exercise Price**

Subject to paragraph (i), the exercise price per Option (**Exercise Price**) will be the higher of 25 cents or the 5 day VWAP of Shares traded on ASX for the five trading days up to and including the day prior to the Annual General Meeting.

(c) **Expiry Date**

- (i) Each Option will expire at 5:00 pm (WST) on 8 November 2023 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (ii) If a Director resigns within 12 months of the date of issue of the Options, then 1/3 of that Director's unexercised Options will automatically lapse at the time of resignation, with the outgoing Director retaining the 2/3 balance of unexercised Options.

(d) **Exercise Period**

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

(e) **Notice of Exercise**

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

(f) **Exercise Date**

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

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

Within 15 Business Days after the later of the following:

- (i) the Exercise Date; and
- (ii) when excluded information in respect to the Company (as defined in section 708A(7) of the Corporations Act) (if any) ceases to be excluded information,

but in any case no later than 20 Business Days after the Exercise Date, the Company will:

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

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

(h) **Shares issued on exercise**

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

(i) **Reconstruction of capital**

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

(j) **Participation in new issues**

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

(k) **Change in exercise price**

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

(l) **Transferability**

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

(m) **ASX Compliance**

The terms of the Options may be amended in order to comply with the ASX Listing Rules.

SCHEDULE 5 – VALUATION OF DIRECTOR OPTIONS

The Director Options to be issued pursuant to Resolutions 10, 11 and 12 have been valued by internal management.

Using the Black and Scholes option pricing model and based on the assumptions set out below, the Director Options were ascribed the following maximum value:

Assumptions:	
Valuation date	13 August 2019
Market price of shares	\$0.225
Exercise price	\$.25 being the lowest exercise price that will be given to the Options (equating to the highest value)
Expiry date (length of time from issue)	8 November 2023 – 4 years
Risk free interest rate	1.50%
Volatility	25%
Indicative Value of Director Option	\$0.0404
Total Value of Director Options	363,572
- Mr Warwick Grigor	121,191
- Mr Craig McGuckin	121,191
- Mr Peter Youd	121,190

If you are attending the meeting
in person, please bring this with you
for Securityholder registration.

[EntityRegistrationDetailsLine1Envelope]
[EntityRegistrationDetailsLine2Envelope]
[EntityRegistrationDetailsLine3Envelope]
[EntityRegistrationDetailsLine4Envelope]
[EntityRegistrationDetailsLine5Envelope]
[EntityRegistrationDetailsLine6Envelope]

[HolderNumber]

Holder Number:
[HolderNumber]

Vote by Proxy: [CompanyASXCode]

Your proxy voting instruction must be received by **3.30pm (AEDT) on Wednesday 6 November 2019**, being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

SUBMIT YOUR PROXY VOTE ONLINE

Vote online at <https://investor.automic.com.au/#/loginsah>

Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting form.

- ✓ **Save Money:** help minimise unnecessary print and mail costs for the Company.
- ✓ **It's Quick and Secure:** provides you with greater privacy, eliminates any postal delays and the risk of potentially getting lost in transit.
- ✓ **Receive Vote Confirmation:** instant confirmation that your vote has been processed. It also allows you to amend your vote if required.



SUBMIT YOUR PROXY VOTE BY PAPER

Complete the form overleaf in accordance with the instructions set out below.

YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: <https://investor.automic.com.au/#/home> Shareholders sponsored by a broker should advise their broker of any changes.

VOTING UNDER STEP 1 - APPOINTING A PROXY

If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chairman of the Meeting will be appointed as your proxy by default.

DEFAULT TO THE CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Voting Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by marking one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided

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

Joint holding: Where the holding is in more than one name, all of the Shareholders 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 Proxy Voting Form when you return it.

Companies: To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

Email Address: Please provide your email address in the space provided.

By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at <https://automic.com.au>.

ATTENDING THE MEETING

Completion of a Proxy Voting Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Voting Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.

POWER OF ATTORNEY

If a representative as power of attorney of a Shareholder of the Company is to attend the Meeting, a certified copy of the Power of Attorney, or the original Power of Attorney, must be received by the Company in the same manner, and by the same time as outlined for proxy forms.

