



# ALLEGIANCE COAL LIMITED

**ACN 149 490 353**

## **Notice of General Meeting**

**A general meeting of the Company will be held as follows:**

**Time and date: 10.30am (Sydney time) on Wednesday, 3 August 2022**

**Location: Suite 107, 109 Pitt Street Sydney NSW 2000**

The Notice of General Meeting should be read in its entirety. If Shareholders are in doubt as to how to vote, they should seek advice from their suitably qualified advisor prior to voting.

**Should you wish to discuss any matter, please do not hesitate to contact the Company Secretary by email on [info@allegiancecoal.com.au](mailto:info@allegiancecoal.com.au).**

**Shareholders are urged to vote by lodging the Proxy Form**

**Allegiance Coal Limited**  
**ACN 149 490 353**  
**(Company)**

## **Notice of General Meeting**

Notice is hereby given that a general meeting of Shareholders of Allegiance Coal Limited will be held at Suite 107, 109 Pitt Street Sydney NSW 2000 on Wednesday, 3 August 2022 at 10.30am (Sydney time) (**Meeting**).

The Explanatory Memorandum provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form form part of the Notice.

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 as Shareholders on Tuesday, 2 August 2022 at 10.30am (Sydney time).

Terms and abbreviations used in the Notice are defined in Schedule 1.

### **Agenda**

#### **1 Resolutions**

##### **Resolution 1 – Ratification of issue of Convertible Notes**

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

*'That, pursuant to and in accordance with Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of the Convertible Notes as follows:*

(a) 30,700,000 Tranche 1 Convertible Notes; and

(b) 12,157,143 Tranche 2 Convertible Notes,

*on the terms and conditions in the Explanatory Memorandum.'*

**Note:** Resolution 1(b) will be withdrawn if the Tranche 2 Convertible Notes are not issued before the date of the Meeting.

##### **Resolution 2 – Approval of issue of Tranche 2 Convertible Notes**

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

*'That, pursuant to and in accordance with Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of 12,157,143 Tranche 2 Convertible Notes on the terms and conditions in the Explanatory Memorandum.'*

**Note:** Resolution 2 will be withdrawn if the Tranche 2 Convertible Notes are issued before the date of the Meeting.

### **Resolution 3 – Approval of issue of Director Securities**

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

*'That, pursuant to and in accordance with Listing Rule 10.14 and for all other purposes, Shareholders approve the issue of the Director Securities under the Plan as follows:*

- (a) *up to 500,000 Options and 500,000 Performance Rights to Paul Vining (or his nominees); and*
- (b) *up to 1,000,000 Options and 2,000,000 Performance Rights to Jonathan Romcke (or his nominees),*

*on the terms and conditions in the Explanatory Memorandum.'*

### **Resolution 4 – Modification of existing Constitution**

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

*'That, for the purposes of section 136(2) of the Corporations Act and for all other purposes, the constitution of the Company be modified by making the amendments contained in the document tabled at this Meeting and signed by the Chair for the purposes of identification, with effect from the date this resolution is passed.'*

### **Voting exclusions**

Pursuant to the Listing Rules, the Company will disregard any votes cast in favour of:

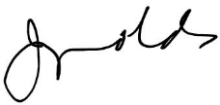
- (a) Resolution 1(a) by or on behalf of a person who participated in the issue of the Tranche 1 Convertible Notes, or any of their respective associates.
- (b) Resolution 1(b) by or on behalf of a person who participated in the issue of the Tranche 2 Convertible Notes, or any of their respective associates.
- (c) Resolution 2 by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a Shareholder), or any of their respective associates.
- (d) Resolution 3(a) by or on behalf of a person referred to in Listing Rules 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the Plan, or any of their respective associates.
- (e) Resolution 3(b) by or on behalf of a person referred to in Listing Rules 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the Plan, or any of their respective associates.

The above voting exclusions do not apply to a vote cast in favour of the relevant Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way;
- (b) the Chair as proxy or attorney for a person who is entitled to vote, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or

- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
- (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
  - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

**BY ORDER OF THE BOARD**



Jonathan Reynolds  
Finance Director & Company Secretary  
**Allegiance Coal Limited**  
Dated: 1 July 2022

**Allegiance Coal Limited**  
**ACN 149 490 353**  
**(Company)**

## **Explanatory Memorandum**

### **1. Introduction**

The Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held at Suite 107, 109 Pitt Street Sydney NSW 2000 on Wednesday, 3 August 2022 at 10.30am (Sydney time).

The Explanatory Memorandum forms part of the Notice which should be read in its entirety. The Explanatory Memorandum contains the terms and conditions on which the Resolutions will be voted.

The Explanatory Memorandum includes the following information to assist Shareholders in deciding how to vote on the Resolutions:

Section 2	Action to be taken by Shareholders
Section 3	Resolution 1(a) and (b) – Ratification of issue of Convertible Notes
Section 4	Resolution 2 – Approval of issue of Tranche 2 Convertible Notes
Section 5	Resolution 3(a) and (b) – Approval of issue of Director Securities
Section 6	Resolution 4 – Modification of existing Constitution
Schedule 1	Definitions
Schedule 2	Summary of terms and conditions of Convertible Notes
Schedule 3	Terms and conditions of Options – Paul Vining
Schedule 4	Terms and conditions of Performance Rights – Paul Vining
Schedule 5	Terms and conditions of Options - Jonathan Romcke
Schedule 6	Terms and conditions of Performance Rights - Jonathan Romcke
Schedule 7	Summary of material terms and conditions of the Plan
Schedule 8	Valuation of Director Securities

A Proxy Form is located at the end of the Explanatory Memorandum.

## 2. Action to be taken by Shareholders

Shareholders should read the Notice including the Explanatory Memorandum carefully before deciding how to vote on the Resolutions.

### 2.1 Voting in person

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

### 2.2 Voting by proxy

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative (a 'proxy') to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions thereon. Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

Please note that:

- (a) a member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a member of the Company; and
- (c) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

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:

- (a) 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);
- (b) 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;
- (c) 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
- (d) 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).

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

- (a) 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;
- (b) the appointed proxy is not the chair of the meeting;

- (c) at the meeting, a poll is duly demanded, or is otherwise required under section 250JA on the resolution; and
- (d) either 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.

### 2.3 **Chair's voting intentions**

If the Chair is appointed as your proxy and you have not specified the way the Chair is to vote on Resolution 3 by lodging the Proxy Form, you are considered to have provided the Chair with an express authorisation for the Chair to vote the proxy in accordance with the Chair's intention, even though the Resolutions are connected directly or indirectly with the remuneration of a member of the Key Management Personnel of the Company.

The Chair intends to exercise all available proxies in favour of all Resolutions, unless the Shareholder has expressly indicated a different voting intention.

### 2.4 **Submitting questions**

Shareholders may submit questions in advance of the Meeting to the Company. Questions must be submitted by emailing the Company Secretary at [info@allegiancecoal.com.au](mailto:info@allegiancecoal.com.au) by 10.30am on 1 August 2022.

Shareholders will also have the opportunity to submit questions during the Meeting in respect to the formal items of business. In order to ask a question during the Meeting, please follow the instructions from the Chair.

The Chair will attempt to respond to the questions during the Meeting. The Chair will request prior to a Shareholder asking a question that they identify themselves (including the entity name of their shareholding and the number of Shares they hold).

### 3. Resolution 1(a) and (b) – Ratification of issue of Convertible Notes

#### 3.1 General

On 24 May 2022, the Company announced that it had entered into a convertible note agreement (**Agreement**) with Collins Street Convertible Notes Fund (**Noteholder**), for a placement of convertible notes to raise \$42,857,143 (before costs).

The Convertible Notes were issued in two tranches as follows:

- (a) 30,700,000 Convertible Notes with a face value of \$1.00 each were issued on 24 May 2022 using the Company's placement capacity under Listing Rule 7.1 to raise \$30,700,000 (before costs) (**Tranche 1 Convertible Notes**); and
- (b) 12,157,143 Convertible Notes with a face value of \$1.00 each are proposed to be issued prior to the Meeting using the Company's placement capacity under Listing Rule 7.1 to raise \$12,157,143 (**Tranche 2 Convertible Notes**),

(together, the **Convertible Notes**).

Resolution 1(a) and (b) seeks Shareholder approval pursuant to Listing Rule 7.4 to ratify the issue of the Convertible Notes.

**Note:** If the Tranche 2 Convertible Notes are not issued prior to the Meeting, the Directors will withdraw Resolution 1(b), and Resolution 1(b) will not be put to Shareholders at this Meeting. Instead, the Company will then seek Shareholder approval to issue the Tranche 2 Convertible Notes pursuant to Listing Rule 7.1, the subject of Resolution 2.

#### 3.2 Effect of the issue of the Convertible Notes

##### (a) Conversion of Convertible Notes

Pursuant to the Agreement, the number of Shares to be issued upon conversion of the Convertible Notes will be determined by the following formula:

$$A = \frac{B}{C}$$

Where:

- A** = the number of ordinary fully paid Shares to be issued.
- B** = the face value of the Convertible Notes (being \$1.00 each) multiplied by the number of Convertible Notes to be converted.
- C** = the conversion price, being \$0.816 each (subject to adjustment in accordance with the terms and conditions in Schedule 2).

##### (b) Dilution and effect on capital structure

The current capital structure of the Company as at the date of this Notice is set out below:



Type of security	Number
<b>Shares</b>	389,820,140
<b>Options<sup>(1)</sup></b>	8,841,616
<b>Performance Rights<sup>(2)</sup></b>	5,500,000
<b>Convertible Notes</b>	42,857,143

- Options with exercise prices ranging between \$0.375 to \$1.40 and with expiry dates ranging between 6 December 2022 and 3 December 2026.*
- Performance Rights with expiry dates ranging between 2 December 2022 and 3 December 2026 and subject to vesting conditions on the terms and conditions in: (i) schedule 3 of the Company's 2019 notice of annual general meeting; and (ii) schedule 4 of the Company's 2021 notice of annual general meeting.*

For illustrative purposes only, the table below shows the potential dilutionary effect on Shareholders' interests in the Company if all Convertible Notes are exercised and converted into Shares:

	Shares	Dilution to Shareholders
Existing Shares	389,820,140	-
Conversion of Tranche 1 Convertible Notes	37,622,549	8.5%
Conversion of Tranche 2 Convertible Notes	14,898,460	3.4%
<b>Total Shares post-conversion</b>	<b>422,341,149</b>	<b>11.9%</b>

The table above has been prepared based on the following assumptions:

- the Tranche 1 Convertible Notes and the Tranche 2 Convertible Notes are converted in full;
- the Convertible Notes are converted at \$0.816 each;

- (iii) no other Shares are issued or other convertible securities issued and converted into Shares; and
- (iv) fractions have been rounded up to the nearest whole Share.

(c) **Summary of material terms and conditions of Convertible Notes**

The Convertible Notes were issued on and subject to the terms of the Agreement, a summary of which is provided in Schedule 2.

The summary in Schedule 2 is not exhaustive and does not constitute a definitive statement of the rights and liabilities of the Noteholder.

### 3.3 **Listing Rules 7.1 and 7.4**

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of Equity Securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary shares it had on issue at the start of that period.

The issue of the Convertible Notes does not fit within any of the exceptions to Listing Rule 7.1 and, as it has not yet been approved by Shareholders, effectively uses up part of the Company's 15% placement capacity under Listing Rule 7.1. This reduces the Company's capacity to issue further Equity Securities without Shareholder approval under those Listing Rules for the 12 month period following the issue of the Convertible Notes.

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

The effect of Shareholders passing Resolution 1(a) and (b) will be to allow the Company to retain the flexibility to issue Equity Securities in the future up to the 15% additional placement capacity set out in Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

If Resolution 1(a) is passed, 37,622,549 Equity Securities (representing the number of Shares which may be issued on the conversion of the 30,700,000 Tranche 1 Convertible Notes at the conversion price of \$0.816) will be excluded in calculating the Company's 15% limit in Listing Rule 7.1, effectively increasing the number of Equity Securities it can issue without Shareholder approval over the 12 month period following the issue date.

If Resolution 1(b) is passed, 14,898,460 Equity Securities (representing the number of Shares which may be issued on the conversion of the 12,157,143 Tranche 2 Convertible Notes at the conversion price of \$0.816) will be excluded in calculating the Company's 15% limit in Listing Rule 7.1, effectively increasing the number of Equity Securities it can issue without Shareholder approval over the 12 month period following the issue date.

If Resolution 1(a) is not passed, 37,622,549 Equity Securities will continue to be included in the Company's 15% limit under Listing Rule 7.1, effectively decreasing the number of Equity Securities the Company can issue or agree to issue without obtaining prior Shareholder approval, to the extent of 37,622,549 Equity Securities for the 12 month period following the issue of the Tranche 1 Convertible Notes.

If Resolution 1(b) is not passed, 14,898,460 Equity Securities will continue to be included in the Company's 15% limit under Listing Rule 7.1, effectively decreasing the number of Equity Securities the Company can issue or agree to issue without obtaining prior Shareholder approval, to the extent of 14,898,460 Equity Securities for the 12 month period following the issue of the Tranche 2 Convertible Notes.

### 3.4 **Specific information required by Listing Rule 7.5**

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to the ratification of the issue of the Convertible Notes:

- (a) The Convertible Notes were issued to the Noteholder, who is not a related party or Material Investor.
- (b) The Convertible Notes were issued as follows:
  - (i) 30,700,000 Tranche 1 Convertible Notes were issued on 24 May 2022; and
  - (ii) 12,157,143 Tranche 2 Convertible Notes are proposed to be issued after the date of the Notice and prior to the Meeting.
- (c) A summary of the material terms of the Convertible Notes is in Schedule 2. Shares issued on the conversion of the Convertible Notes will be fully paid ordinary Shares in the capital of the Company and will rank equally in all respects with the Company's existing Shares on issue.
- (d) The Convertible Notes were issued with a face value of \$1.00 each. The relevant conversion price of the Convertible Notes into Shares is \$0.816 each (subject to adjustment in accordance with the terms and conditions in Schedule 2).
- (e) The proceeds from the issue of the Convertible Notes have been and are intended to be applied towards:
  - (i) repayment of the Nebari Natural Resources Credit Fund I, LP secured loan; and
  - (ii) general working capital.
- (f) The Convertible Notes were issued under the Agreement pursuant to which the Noteholder provided a binding commitment to subscribe for the Convertible Notes on the material terms summarised in this Notice (refer to Schedule 2) and otherwise on terms considered standard for agreements of this nature.
- (g) A voting exclusion statement is included in the Notice.

### 3.5 **Additional information**

Resolution 1(a) and (b) are ordinary resolutions.

The Board recommends that Shareholders vote in favour of Resolution 1(a) and (b).

## 4. **Resolution 2 – Approval of issue of Tranche 2 Convertible Notes**

### 4.1 **General**

Refer to Sections 3.1 and 3.2 above for the background to the issue of the Tranche 2 Convertibles Notes.

Resolution 2 seeks Shareholder approval pursuant to Listing Rule 7.1 to approve the issue of the Tranche 2 Convertible Notes.

**Note:** Resolution 2 will only be put to Shareholders if the Tranche 2 Convertibles Notes are not issued prior to the Meeting. Accordingly, if the Tranche 2 Convertible Notes are issued prior to the Meeting, the Directors will withdraw Resolution 2.

### 4.2 **Listing Rule 7.1**

A summary of Listing Rule 7.1 is in Section 3.3 above.

The effect of Shareholders passing Resolution 2 will be to allow the Company to retain the flexibility to issue Equity Securities in the future up to the 15% additional placement capacity set out in Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

If Resolution 2 is passed, the Company will be able to proceed with the issue of the Tranche 2 Convertible Notes.

If Resolution 2 is not passed, the Company may continue to proceed with the issue of the Tranche 2 Convertible Notes by using its 15% placement capacity permitted under Listing Rule 7.1, effectively decreasing the number of Equity Securities the Company can issue or agree to issue without obtaining prior Shareholder approval, to the extent of 14,898,460 Equity Securities (representing the number of Shares which may be issued on the conversion of the 12,157,143 Tranche 2 Convertible Notes at the conversion price of \$0.816) for the 12 month period following the issue of the Tranche 2 Convertible Notes.

### 4.3 **Specific information required by Listing Rule 7.3**

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to the issue of the Tranche 2 Convertible Notes:

- (a) The Tranche 2 Convertible Notes will be issued to the Noteholder, who is not a related party or Material Investor.
- (b) A maximum of 12,157,143 Tranche 2 Convertible Notes will be issued.
- (c) A summary of the material terms of the Tranche 2 Convertible Notes is in Schedule 2. Shares issued on the conversion of the Tranche 2 Convertible Notes will be fully paid ordinary Shares in the capital of the Company and will rank equally in all respects with the Company's existing Shares on issue.
- (d) The Tranche 2 Convertible Notes will be issued with a face value of \$1.00 each. The relevant conversion price of the Tranche 2 Convertible Notes into Shares is \$0.816 each (subject to adjustment in accordance with the terms and conditions in Schedule 2).
- (e) The Tranche 2 Convertible Notes will be issued no later than 3 months after the date of the Meeting.

- (f) A summary of the intended use of funds from the issue of the Tranche 2 Convertible Notes is in Section 3.4(f) above.
- (g) The Tranche 2 Convertible Notes will be issued under the Agreement pursuant to which the Noteholder provided a binding commitment to subscribe for the Tranche 2 Convertible Notes on the material terms summarised in this Notice (refer to Schedule 2) and otherwise on terms considered standard for agreements of this nature.
- (h) A voting exclusion statement is included in the Notice.

#### 4.4 Additional information

Resolution 2 is an ordinary resolution.

The Board recommends that Shareholders vote in favour of Resolution 2.

### 5. Resolution 3(a) and (b) – Approval of issue of Director Securities

#### 5.1 General

The Company is proposing, subject to obtaining Shareholder approval, to issue up to a total of 1,500,000 Options and 2,500,000 Performance Rights (together, the **Director Securities**) to Paul Vining and Jonathan Romcke (or their respective nominees) under the Plan as follows:

Director	Options <sup>(1)</sup>	Performance Rights <sup>(2)</sup>
Paul Vining	500,000	500,000
Jonathan Romcke	1,000,000	2,000,000

1. The Options are exercisable at \$1.40 each and expire on 31 December 2026. The terms and conditions of the Options are in Schedule 3 (Paul Vining) and Schedule 5 (Jonathan Romcke).
2. The terms and conditions of the Performance Rights are in Schedule 4 (Paul Vining) and Schedule 6 (Jonathan Romcke).

The Company is in an important stage of development with significant opportunities and challenges in both the near and long-term, and the proposed issue of the Director Securities seeks to align the efforts of Paul Vining and Jonathan Romcke in seeking to achieve growth of the Share price and in the creation of Shareholder value. The Board believes that the issue of these Director Securities will align the interests of Paul Vining and Jonathan Romcke with those of the Company and its Shareholders as they are all subject to performance-based vesting conditions. In addition, the Board also believes that incentivising with Options and Performance Rights is a prudent means of conserving the Company's available cash reserves. The Board believes it is important to offer these Director Securities to continue to attract and maintain highly experienced and qualified Board members in a competitive market.

Resolution 3(a) and (b) seeks Shareholder approval pursuant to Listing Rule 10.14 for the issue of the Director Securities to Paul Vining and Jonathan Romcke (or their respective nominees) under the Plan.

## 5.2 **Listing Rule 10.14**

Listing Rule 10.14 provides that an entity must not permit any of the following persons to acquire Equity Securities under an employee incentive scheme without the approval of its Shareholders:

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

Approval pursuant to Listing Rule 7.1 is not required for the issue of the Director Securities as approval is being obtained under Listing Rule 10.14. Accordingly, the issue of the Director Securities to Paul Vining and Jonathan Romcke (or their respective nominees) will not be included in the Company's 15% annual placement capacity in Listing Rule 7.1 or the maximum permitted number of Equity Securities issued under Listing Rule 7.2, exception 13(b).

The effect of Shareholders passing Resolution 3(a) and (b) will be to allow the Company to issue the Director Securities to Paul Vining and Jonathan Romcke (or their respective nominees).

If Resolution 3(a) is not passed, the Company will not be able to proceed with the issue of up to 500,000 Options and 500,000 Performance Rights to Paul Vining (or his nominees), and the Company will have to consider alternative commercial means to incentivise Paul Vining.

If Resolution 3(b) is not passed, the Company will not be able to proceed with the issue of up to 1,000,000 Options and 2,000,000 Performance Rights to Jonathan Romcke (or his nominees), and the Company will have to consider alternative commercial means to incentivise Jonathan Romcke.

## 5.3 **Specific information required by Listing Rule 10.15**

Pursuant to and in accordance with Listing Rule 10.15, the following information is provided in relation to the proposed issue of the Director Securities:

- (a) The Director Securities will be issued under the Plan to Paul Vining and Jonathan Romcke (or their respective nominees).
- (b) Paul Vining and Jonathan Romcke fall into the category stipulated by Listing Rule 10.14.1 by virtue of being Directors of the Company.
- (c) A maximum of 1,500,000 Options and 2,500,000 Performance Rights will be issued to Paul Vining and Jonathan Romcke (or their respective nominees) in the proportions set out in Section 5.1 above.
- (d) The current total annual remuneration package for each of Paul Vining and Jonathan Romcke as at the date of this Notice are set out below:

Director	Salary and fees
Paul Vining	US\$120,000
Jonathan Romcke <sup>(1)</sup>	US\$420,000

1. The Company will provide US\$36,000pa for US accommodation costs, a company vehicle, comprehensive medical insurance and other benefits usual in the case of expatriate employment. The maximum short-term incentive opportunity as a % of the total fixed remuneration is 45%. The short-term incentive performance targets include production, sales and operational factors and shareholder return factors.

(e) No Equity Securities have previously been issued under the Plan to Paul Vining and Jonathan Romcke.

(f) The Director Securities will be issued on the following terms and conditions:

Director	Options	Performance Rights
Paul Vining	Refer to Schedule 3	Refer to Schedule 4
Jonathan Romcke	Refer to Schedule 5	Refer to Schedule 6

(g) The Board considers that Options and Performance Rights with performance-based milestones, rather than Shares, are an appropriate form of incentive because they reward Paul Vining and Jonathan Romcke for achievement of sustained growth in the value of the Company. Additionally, the issue of Options and Performance Rights instead of cash is a prudent means of rewarding and incentivising Paul Vining and Jonathan Romcke whilst conserving the Company's available cash reserves.

(h) The Company's valuation of the Director Securities is in Schedule 8, with a summary below:

Director	Options	Performance Rights	Valuation	
			Options	Performance Rights
Paul Vining	500,000	500,000	\$137,009.85	\$272,500
Jonathan Romcke	1,000,000	2,000,000	\$274,019.70	\$1,090,000

- (i) The Director Securities will be issued to Paul Vining and Jonathan Romcke (or their respective nominees) as soon as practicable following the Meeting and in any event not later than three years after the Meeting.
- (j) The Director Securities will be issued for nil cash consideration and will be provided as an incentive component to Paul Vining's and Jonathan Romcke's remuneration packages.
- (k) A summary of the material terms of the Plan is in Schedule 7.
- (l) No loan will be provided to Paul Vining and Jonathan Romcke in relation to the issue of the Director Securities.
- (m) Details of any securities issued under the Plan will be published in the annual report of the Company relating to the period in which they were issued, along with a statement that approval for the issue was obtained under Listing Rule 10.14.
- (n) Any additional persons covered by Listing Rule 10.14 who become entitled to participate in an issue of securities under the Plan after the resolution is approved and who were not named in the Notice will not participate until approval is obtained under Listing Rule 10.14.
- (o) A voting exclusion statement is included in the Notice.

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

In accordance with Chapter 2E of the Corporations Act, in order to give a financial benefit to a related party, the Company must:

- (a) obtain Shareholder approval in the manner set out in section 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 proposed issue of the Director Securities constitutes giving a financial benefit to related parties of the Company.

The Board (other than Paul Vining and Jonathan Romcke who each have a personal interest in the outcome of this Resolution) considers that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue of the Director Securities because the Director Securities are considered by the Board as reasonable remuneration and therefore falls within the exception stipulated by section 211 of the Corporations Act.

#### 5.5 **Additional information**

Each of the resolutions which forms part of Resolution 3 is an ordinary resolution.

The Board (other than Paul Vining and Jonathan Romcke who each have a personal interest in the outcome of this Resolution) recommend that Shareholders vote in favour of each of the resolutions which forms part of Resolution 3.



## 6. Resolution 4 – Modification of existing Constitution

### 6.1 General

Under section 136(2) of the Corporations Act, a company may modify or repeal its constitution or a provision of its constitution by special resolution of Shareholders.

Resolution 4 seeks the approval of Shareholders to modify the Company's existing Constitution.

The proposed modifications to the existing Constitution will incorporate recent amendments to the Corporations Act regarding the holding of meetings of Shareholders using virtual meeting technology.

The Directors believe that it is preferable in the circumstances to simply modify one provision of the existing Constitution rather than repealing the entire existing Constitution and replacing it with a new constitution.

The Directors believe these amendments are not material nor will they have any significant impact on Shareholders.

A copy of the modified Constitution is available for review by Shareholders at the Company's website [www.allegiancecoal.com.au](http://www.allegiancecoal.com.au) and at the office of the Company. A copy of the modified Constitution can also be sent to Shareholders upon request to the Company Secretary at [info@allegiancecoal.com.au](mailto:info@allegiancecoal.com.au). Shareholders are invited to contact the Company if they have any queries or concerns.

If Resolution 4 is passed, the Company will adopt the modified Constitution with effect from the date this Resolution 4 is passed.

### 6.2 Summary of material proposed changes

#### (a) Calling general meetings (clause 31)

The modifications provide for the ability of the Company to hold general meetings using virtual technology only, as well as physical or hybrid meetings. This improved flexibility is necessary to ensure the Company is able to hold general meetings at times where physical meetings may not be practicable (such as during pandemics).

Set out below are the proposed modifications to clause 31 of the existing Constitution:

Prior to modification:

#### **31 Calling general meeting**

31.1 *A Director may call a meeting of Members.*

31.2 *The Directors must call annual general meetings in accordance with the Corporations Act, to be held by the Company at times to be determined by the Directors.*

31.3 *Members may also request or call and arrange to hold general meetings in accordance with the procedures and requirements set out in the Corporations Act.*

- 31.4 *A general meeting may be held at two or more venues simultaneously using any technology that gives the Members as a whole a reasonable opportunity to participate.*

After modification:

**31 Calling general meeting**

- 31.1 *A Director may call a meeting of Members.*
- 31.2 *The Directors must call annual general meetings in accordance with the Corporations Act, to be held by the Company at times to be determined by the Directors.*
- 31.3 *Members may also request or call and arrange to hold general meetings in accordance with the procedures and requirements set out in the Corporations Act.*
- 31.4 *The Company may hold a meeting of Members at a time determined by the Directors:*
- (a) at one or more physical venues;*
  - (b) at one or more physical venues and using virtual meeting technology; and*
  - (c) using virtual meeting technology only,*
- provided that, in each case, Members as a whole are given a reasonable opportunity to participate in the meeting, and otherwise in the manner determined by the Directors.*
- 31.5 *If the Directors elects to use virtual meeting technology for a general meeting of the Company, the Directors will determine the type of virtual meeting technology to be used, which may include any combination of telephone, video conferencing, messaging, smartphone application or any other audio and/or visual device which permits instantaneous communication.*

**6.3 Additional information**

Resolution 4 is a **special** resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

The Board recommends that Shareholders vote in favour of Resolution 4.

## Schedule 1 Definitions

In the Notice, words importing the singular include the plural and vice versa.

<b>\$ or A\$</b>	means Australian Dollars.
<b>\$ or US\$</b>	means United States Dollars.
<b>Agreement</b>	means the convertible note agreement between the Company and the Noteholder dated 24 May 2022.
<b>ASX</b>	means the ASX Limited (ABN 98 008 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX Limited.
<b>Board</b>	means the board of Directors.
<b>Chair</b>	means the person appointed to chair the Meeting of the Company convened by the Notice.
<b>Company</b>	means Allegiance Coal Limited (ACN 149 490 353).
<b>Constitution</b>	means the constitution of the Company.
<b>Convertible Notes</b>	means either or both the Tranche 1 Convertible Notes and the Tranche 2 Convertible Notes, as the context requires.
<b>Corporations Act</b>	means the <i>Corporations Act 2001</i> (Cth), as amended.
<b>Director</b>	means a director of the Company.
<b>Director Securities</b>	means the issue of up to 1,500,000 Options and 2,500,000 Performance Rights to Paul Vining and Jonathan Romcke (or their respective nominees), the subject of Resolution 3(a) and (b).
<b>Explanatory Memorandum</b>	means the explanatory memorandum which forms part of the Notice.
<b>Key Management Personnel</b>	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.
<b>Listing Rules</b>	means the listing rules of ASX.
<b>Material Investor</b>	means, in relation to the Company: (a) a related party; (b) Key Management Personnel; (c) a substantial Shareholder;

- (d) an advisor; or
- (e) an associate of the above,

who received or will receive Securities in the Company which constitute more than 1% of the Company's anticipated capital structure at the time of issue.

<b>Meeting</b>	has the meaning given in the introductory paragraph of the Notice.
<b>Noteholder</b>	means Collins Street Convertible Notes Fund.
<b>Notice</b>	means this notice of general meeting.
<b>Option</b>	means an option, giving the holder the right, but not an obligation, to acquire a Share at a predetermined price and at a specified time in the future.
<b>Performance Right</b>	means a right to be issued a Share, subject to the satisfaction or waiver of specified vesting conditions.
<b>Plan</b>	means the Allegiance Coal Limited Employee Securities Incentive Plan, a summary of which is provided in Schedule 7.
<b>Proxy Form</b>	means the proxy form attached to the Notice.
<b>Resolution</b>	means a resolution referred to in the Notice.
<b>Schedule</b>	means a schedule to the Notice.
<b>Section</b>	means a section of the Explanatory Memorandum.
<b>Securities</b>	means any Equity Securities of the Company (including Shares, Options, Performance Rights and/or Convertible Notes).
<b>Share</b>	means a fully paid ordinary share in the capital of the Company.
<b>Shareholder</b>	means the holder of a Share.
<b>Tranche 1 Convertible Notes</b>	means the 30,700,000 Convertible Notes with a face value of \$1.00 issued under Listing Rule 7.1, the subject of Resolution 1(a).
<b>Tranche 2 Convertible Notes</b>	means the 12,157,143 Convertible Notes with a face value of \$1.00 intended to be issued prior to the Meeting under Listing Rule 7.1, the subject of Resolution 1(b). If the Tranche 2 Convertible Notes are not issued prior to the Meeting, the Directors will withdraw Resolution 1(b) and approval for the issue of the Tranche 2 Convertible Notes will then be sought under Resolution 2.

## Schedule 2 Summary of terms and conditions of Convertible Notes

<b>Face Value</b>	\$1.00 per Note
<b>Interest</b>	<p>An interest rate of 10% per annum on the outstanding face value applies. Interest in the amount of \$6,140,000 has been pre-paid by the Company. If the Notes are converted or redeemed prior to the interest period covered by this pre-payment, the pro-rata portion of that pre-paid interest must be repaid by the Noteholder.</p> <p>Upon an Event of Default occurring, the interest rate will increase to 15% per annum.</p>
<b>Establishment fee</b>	An establishment fee equal to 2.5% of the total face value applies.
<b>Conversion Price</b>	\$0.816, subject to adjustment as described below.
<b>Maturity Date</b>	<p>The Maturity Date for the Notes is 36 months after the issue date.</p> <p>The Company must repay the face value of the Notes in the event the Notes are not converted prior to the Maturity Date.</p>
<b>Conversion by Noteholder</b>	<p>The Noteholder may convert the Notes in whole or part at any time before the Maturity Date by the provision of a conversion notice. Such conversion will be at the Conversion Price.</p> <p>Each conversion notice must specify how many Notes the Noteholder elects to convert and must be for a face value in an amount equal to or greater than \$200,000 (unless the remaining face value of the Convertible Notes on issue is less than \$200,000).</p> <p>The Noteholder may not convert the Notes if such conversion would cause it or any other person to hold a relevant interest in more than 20% of the Shares on issue.</p>
<b>Redemption by Company</b>	<p>The Company may elect to redeem the Notes in full before the Maturity Date by the provision of between 30- and 40-days' prior written notice to the Noteholder.</p> <p>The Noteholder may elect to convert the Notes in full or in part during that notice period.</p> <p>If the Noteholder does not elect to convert the Notes in full during that notice period:</p> <ul style="list-style-type: none"> <li>the outstanding face value of any unconverted Notes must be redeemed by the Company;</li> <li>the Company must also pay the Noteholder a fee equal to 2.5% of the outstanding face value of any unconverted Notes (so that the total amount to be repaid is increased to 102.5% of the outstanding face value); and</li> <li>the Company must also issue the Noteholder the number of options determined in accordance with the below formula:</li> </ul> <p style="text-align: center;"><math>N = RA/C</math></p>

	<p>Where:</p> <p><math>N</math> = number of options to be issued</p> <p><math>RA</math> = the quantum to be repaid pursuant to the redemption of the Notes</p> <p><math>C</math> = the Conversion Price.</p>
<b>Security</b>	The Convertible Notes are issued as a secured debt security evidencing the Company's indebtedness to the Noteholder on the terms in the Agreement.
<b>Liquidity requirement</b>	Allegiance must always maintain an agreed minimum cash balance until the outstanding face value of the Notes has been either converted or redeemed.
<b>Voting and attendance at general meetings</b>	<p>The Notes do not carry a vote to provide at a general meeting of the Company, unless provided for by law.</p> <p>The Noteholder is permitted to attend (but not to vote, unless as a shareholder) at any general meeting of the Company's members in its capacity as a Noteholder.</p>
<b>Information, audit and inspection rights</b>	<p>The Company must supply to the Noteholder:</p> <ul style="list-style-type: none"> <li>• copies of all documents dispatched by the Company to its shareholders (or any class of them) or its creditors generally (or any class of them) at the same time as they are dispatched to the extent such document and information is not available on the ASX website;</li> <li>• promptly upon becoming aware of them, the details of any litigation, arbitration or administrative proceedings which are current, threatened or pending against any member of the Group and which might, if adversely determined, have a material adverse effect;</li> <li>• promptly after receipt, copies of any notices of default or claims of breach received or sent relating to any contract to which any member of the Group is a party which might, if adversely determined, have a material adverse effect; and</li> <li>• any other information which the Noteholder reasonably requests in relation to a member of the Group or any of their assets.</li> </ul> <p>The Noteholder has also been granted certain rights to undertake visits and inspections of the property, projects and operations of the Group and to inspect and take copies of their associated books and records.</p>
<b>Representations and warranties</b>	The Company has provided the Noteholder with customary representations and warranties.
<b>Events of default</b>	<p>The Convertible Note Agreement includes typical events of default, including, amongst other things, the following (in summary):</p> <ul style="list-style-type: none"> <li>• <b>ASX determination:</b> ASX makes a determination that the terms of any Notes and the associated agreements do not comply with the ASX Listing Rules</li> <li>• <b>Non-payment:</b> any member of the Group fails to pay any amount when due and payable under any of the transaction documents and that failure is not remedied within three business days of the relevant member of the Group becoming aware of that failure;</li> <li>• <b>Other obligations:</b> any member of the Group fails to perform or breaches any other undertaking, covenant or obligation required of it under any transaction document, unless the failure: (i) is capable of</li> </ul>

remedy; and (ii) is remedied within five business days of the receipt by the Company of a notice from the Noteholder specifying the failure;

- **Authorisations:** any member of the Group fails to obtain any authorisation necessary to enable it continue to undertake its business operations, or to comply with its obligations under any transaction document or any authorisation of that kind ceases to be in full force and effect;
- **Misrepresentation:** a representation, warranty or statement made, or taken to be made, by or on behalf of any member of the Group in or in connection with a transaction document is incorrect or misleading when made or taken to be made and the error is reasonably likely to have a material adverse effect and, if the circumstances giving rise to the misrepresentation can be remedied, the relevant member of the Group does not remedy them within five business days of the Noteholder notifying the Company, or any member of the Group becoming aware of the relevant circumstances (whichever is the earlier);
- **Winding-up:** an application or order is made for the winding-up or dissolution of any member of the Group or a resolution is passed or any steps are taken to pass a resolution for the winding-up or dissolution of any member of the Group otherwise than for the purpose of an amalgamation or reconstruction which has the prior written consent of the Noteholder not to be unreasonably withheld;
- **Insolvency events:** certain insolvency events or liquidity events occur with respect to any member of the Group, or a statutory demand is not complied with,
- **Ceasing business:** any member of the Group ceases or threatens to cease to carry on business or is deregistered;
- **Encumbrance:** any Encumbrance is or becomes enforceable against any asset of any member of the Group for amounts totalling more than \$2,000,000 in aggregate;
- **Termination:** any termination or failure, or threatened termination with reasonable cause of any material licenses, permits and consents necessary for the operation of the business of any member of the Group.
- **Judgment:** a judgment in an amount exceeding \$2,000,000 is obtained against any member of the Group and is not set aside or satisfied within 7 days or has not been stayed pending the outcome of an appeal to any higher court;
- **Vitiating of transaction documents:** (i) all or any material part of any provision of any transaction document is or becomes illegal, void, voidable, unenforceable or otherwise of limited force or effect; (ii) any person becomes entitled to terminate, rescind or avoid all or any material part or material provision of any transaction document; (iii) the execution, delivery or performance of any transaction document by any member of the Group violates, breaches or results in a contravention of any law, regulation or authorisation;
- **Delisting or suspension:** the Company is removed from the official list of ASX or suspended from trading on the ASX for more than 5 trading days in any 12 month period;
- **Reduction of capital:** without the consent of the Noteholder, any member of the Group takes any action to reduce its capital, buy back any of its shares or make any of its shares capable of being called up only in certain circumstances (such as by passing a resolution or calling a meeting to consider such a resolution);
- **Compulsory acquisition:** (i) all or a material part of the property of any member of the Group is compulsorily acquired by any Governmental Agency; or (ii) any member of the Group sells or

	<p>divests itself of all or a material part of its property pursuant to a binding order from a Governmental Agency;</p> <ul style="list-style-type: none"> <li>• <b>Investigations:</b> a person is appointed under any legislation to investigate or manage any part of the affairs of any member of the Group in relation to a material matter;</li> <li>• <b>Material adverse change:</b> an event with a Material adverse effect occurs;</li> <li>• <b>Inability to perform:</b> any member of the Group ceases for any reason to be able to lawfully carry out, at any time, any or all the transactions or obligations contemplated in any of the Transaction documents;</li> <li>• <b>Contraventions:</b> certain contraventions of the Agreement in relation to the maintenance of minimum cash holdings and the provision of information, access and audit rights will constitute an event of default;</li> <li>• <b>Other obligations:</b> the Company fails to perform or breaches any other undertaking, covenant or obligation required of it under any Transaction document or any condition of any waiver or consent by the Noteholder under or in connection with any Transaction document; and</li> <li>• <b>Results write down:</b> the results of any member of the Group are adjusted or restated or are required to be adjusted or restated by an amount greater than \$2,000,000 (in aggregate).</li> </ul> <p>If an Event of Default occurs, the Noteholder may convert the outstanding face value into Shares at the Conversion Price, or require the outstanding face value of the Notes to be repaid within 5 business days.</p>
<b>Reconstructions</b>	<p>If there is a reconstruction of the issued capital of the Company, then the basis for conversion of the Note will be reconstructed in the same proportion and manner as the reconstruction of the issued capital of the Company or otherwise in a manner that would eliminate any disadvantage to the Noteholder.</p> <p>Such reconstruction must not result in the Noteholder receiving a benefit that holders of ordinary shares do not receive.</p>
<b>Restrictions on additional issues of securities</b>	<p>Until such time as the outstanding face value has been unconditionally repaid in full or has been fully converted into Shares (as the case may be), the Company must not enter into any agreement with a third party for the issue of any options, performance rights, warrants or other convertible instruments, without the prior written consent of the Noteholder (such consent not to be unreasonably withheld or delayed).</p> <p>This restriction does not apply to any options and performance rights issued pursuant to any employee incentive scheme of the Company or any issue of Shares on conversion or exercise of any convertible securities on issue before the date of the Agreement.</p>
<b>Bonus Issues</b>	<p>If the Company conducts a bonus issue while the Note is on issue, the basis for conversion of the Note as at the record date of the bonus issue must be adjusted by the number of bonus Shares that the Noteholder would have received if the Note had been exercised prior to the record date for the bonus issue.</p>



<b>Adjustment to Conversion Price following Share issues</b>	<p>If the Company issues Shares (other than on conversion of Notes or pursuant to a pro rata (other than a bonus issue) the Conversion Price must be adjusted by applying a discount equivalent to the amount raised as part of a fundraise as a proportion of the Company's market capital immediately prior to the fundraise.</p> <p>For example, if the Company undertakes a capital raise to raise \$10 million when its market capital is \$100 million, then the Conversion Price must be reduced by 10%.</p> <p>This adjustment will not apply in respect of an issue of Shares for which the subscription price is above the Conversion Price.</p>
<b>Adjustment to Conversion Price following pro rata offer</b>	<p>The Conversion Price of a Convertible Note may be reduced according to the following formula:</p> $C_n = \frac{C_o - [P \cdot (S + D)]}{N + 1}$ <p>Where:</p> <ul style="list-style-type: none"> <li>• C<sub>n</sub> = the new conversion price of the Convertible Note;</li> <li>• C<sub>o</sub> = the old conversion price of the Convertible Note;</li> <li>• P = the average market price per security (weighted by reference to volume) of the underlying securities during the 5 trading days ending on the day before the ex right date or the ex entitlements date;</li> <li>• S = the subscription price for a security under the pro rata issue;</li> <li>• D = dividend due but not yet paid on the existing underlying securities (except those to be issued under the pro rata issue); and</li> <li>• N = the number of securities with rights or entitlements that must be held to receive a right to one new security.</li> </ul> <p>However this does not apply to Shares issued as part of a bonus share plan, share top up plan, share purchase plan, dividend reinvestment plan, an employee incentive plan.</p>
<b>Quotation</b>	<p>The Notes will not be quoted on the ASX.</p>
<b>Transferability</b>	<p>Other than in respect of a transfer of the Notes by the Noteholder to an associated entity, the Noteholder may only transfer Notes with the Company's consent (such consent not to be unreasonably withheld).</p>
<b>Governing law</b>	<p>The terms of the Notes are governed by the laws enforceable in Victoria.</p>

### Schedule 3 Terms and conditions of Options – Paul Vining

(1) **Entitlement**

Each Option entitles the holder to subscribe for one fully paid ordinary share in the capital of the Company (**Share**) upon exercise of the Option (once vested).

(2) **Plan**

The Options will be issued under the Company's employee securities incentive plan (**Plan**) for nil cash consideration. In the event of any inconsistency between the Plan and these terms and conditions, these terms and conditions will apply to the extent of the inconsistency.

(3) **Exercise Price and Expiry Date**

The Options have an exercise price of \$1.40 per Option (**Exercise Price**) and will expire on the earlier to occur of:

- a) 31 December 2026; and
- b) the Options lapsing and being forfeited under the Plan or these terms and conditions.

(4) **Expiry Date**

An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(5) **Vesting Conditions**

Subject to these terms and conditions, the Options will vest as follows:

Options	Number	Vesting Condition
Class A	100,000	The Company achieving for the first time 0.5Mt of clean coal sales in a consecutive six month period commencing on the date of issue and ending on the Expiry Date
Class B	100,000	The Company achieving for the first time 1Mt of clean coal sales in a consecutive six month period commencing the date of issue and ending on the Expiry Date
Class C	100,000	The Company achieving for the first time 1.5Mt of clean coal sales in a consecutive six month period commencing the date of issue and ending on the Expiry Date
Class D	100,000	The Company achieving for the first time 2.0Mt of clean coal

		sales in a consecutive six month period commencing the date of issue and ending on the Expiry Date
Class E	100,000	The Company achieving for the first time 2.5Mt of clean coal sales in a consecutive six month period commencing the date of issue and ending on the Expiry Date

(6) **Exercise Period**

Each vested Option is exercisable at any time and from time to time on or prior to the Expiry Date.

(7) **Quotation of the Options**

The Options will be unquoted.

(8) **Transferability of the Options**

The Options are not transferable unless they have vested and only with the prior written approval of the Company and subject to compliance with the Corporations Act.

(9) **Voting rights and dividends**

The Options do not confer on the holder an entitlement to vote at general meetings of the Company or to receive dividends.

(10) **Entitlement to capital return**

The Options do not confer any right to a return of capital, whether in a winding up, upon a reduction of capital or otherwise, and similarly do not confer any right to participate in the surplus profit or assets of the Company upon a winding up, in each case, during the currency of the Options without exercising the Options.

(11) **Notice of Exercise**

The Options may be exercised by notice in writing to the Company in multiples of 10,000 Options per notice in the manner specified on the Option certificate or as otherwise agreed with the Company (**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 (acting reasonably). Any Notice of Exercise of an Option received by the Company will be deemed to be a notice of the exercise of that Option as at the date of receipt.

(12) **Lodgement instructions**

Cheques shall be in Australian currency made payable to the Company and crossed "Not Negotiable". The application for Shares on exercise of the Options with the appropriate remittance should be lodged at the Company's Share Registry.

(13) **Shares issued on exercise**

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

(14) **Quotation of Shares on exercise**

If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Options in accordance with the Listing Rules.

(15) **Timing of issue of Shares**

Within 5 business days after the receipt of a Notice of Exercise given in accordance with these terms and conditions and payment of the Exercise Price for each Option being exercised, the Company will:

- a) issue the Shares pursuant to the exercise of the Options;
- b) if required and subject to paragraph 7, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act; and
- c) apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

(16) **Restrictions on transfer of Shares**

If the Company is required but is unable to give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, Shares issued on conversion of the Performance Rights may not be traded until 12 months after their issue unless the Company, at its sole discretion, elects to issue a prospectus pursuant to section 708A(11) of the Corporations Act.

(17) **Cashless exercise of Options**

The holder of Options may elect not to be required to provide payment of the Exercise Price for the number of Options specified in a Notice of Exercise but that on exercise of those Options the Company will transfer or allot to the holder that number of Shares equal in value to the positive difference between the then Market Value of the Shares at the time of exercise and the Exercise Price that would otherwise be payable to exercise those Options (with the number of Shares rounded down to the nearest whole Share).

**Market Value** means, at any given date, the volume weighted average price per Share traded on the ASX over the five (5) trading days immediately preceding that given date.

(18) **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.

(19) **Adjustment for bonus issues of Shares**

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):

- a) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the Option holder would have received if the Option holder
- b) no change will be made to the Exercise Price.

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

The Options do not entitle the holder to a return of capital, whether in a winding up, upon a reduction of capital or otherwise.

(21) **Adjustment for entitlements issue**

If the Company makes an issue of Shares pro rata to existing Shareholders (other than as a bonus issue, to which paragraph 10 will apply) there will be no adjustment the number of Shares over which the Options are exercisable of the Exercise Price of an Option or.

(22) **Rights on winding up**

The Options do not entitle the holder to participate in the surplus profits or assets of the Company upon winding up.

(23) **Adjustments for reorganisation**

If there is a reorganisation of the issued Share capital of the Company (including any subdivision, consolidation, reduction, return or cancellation of such issued capital of the Company), the rights of each holder of Options will be changed to the extent necessary to comply with the Listing Rules applicable to a reorganisation of capital at the time of the reorganisation.

(24) **Leaver**

You will become a "Leaver" when you cease employment, engagement or office with the Company or any of its subsidiaries. Where you become a Leaver, all unvested Options will automatically be forfeited by you, unless the Board otherwise determines in its discretion to permit some or all of the Options to vest.

(25) **Change in control**

If a Change of Control Event (as defined in the Plan) occurs, or the Board determines that such an event is likely to occur, the Board may in its discretion determine the manner in which any or all of the Options will be dealt with, including, without limitation, in a manner that allows the holder of the Options to participate in and/or benefit from any transaction arising from or in connection with the Change of Control Event.

# Schedule 4 Terms and conditions of Performance Rights – Paul Vining

(1) **Entitlement**

Each Performance Right entitles the holder to subscribe for one fully paid ordinary share in the capital of the Company (**Share**) upon conversion of the Performance Right (once vested).

(2) **Plan**

The Performance Rights will be issued under the Company's employee securities incentive plan (**Plan**) for nil cash consideration. In the event of any inconsistency between the Plan and these terms and conditions, these terms and conditions will apply to the extent of the inconsistency.

(3) **Expiry Date**

Any Performance Rights that have not vested before 31 December 2026 will automatically lapse (**Expiry Date**). A vested Performance Right not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(4) **Vesting Conditions**

Subject to these terms and conditions, the Performance Rights will vest as follows:

Performance Rights	Number	Vesting Condition
Class A	100,000	The Company achieving for the first time 0.5Mt of clean coal sales in a consecutive six month period commencing on the date of issue and ending on the Expiry Date
Class B	100,000	The Company achieving for the first time 1Mt of clean coal sales in a consecutive six month period commencing the date of issue and ending on the Expiry Date
Class C	100,000	The Company achieving for the first time 1.5Mt of clean coal sales in a consecutive six month period commencing the date of issue and ending on the Expiry Date
Class D	100,000	The Company achieving for the first time 2.0Mt of clean coal sales in a consecutive six month period commencing the

		date of issue and ending on the Expiry Date
Class E	100,000	The Company achieving for the first time 2.5Mt of clean coal sales in a consecutive six month period commencing the date of issue and ending on the Expiry Date

(5) **Exercise Price**

The Exercise Price of each vested Performance Right is nil.

(6) **Conversion**

Upon vesting, each Performance Right will, at the Participant's election, convert into one Share. The Participant may apply to exercise vested Performance Rights at any time prior to the Expiry Date by filling out a notice of exercise in the form provided by the Company and returning to the Company Secretary (**Notice of Exercise**).

(7) **Timing of issue of Shares and quotation of Shares on exercise**

As soon as practicable after the issue of a Notice of Exercise by the holder, the Company will:

- a) issue, allocate or cause to be transferred to the holder the number of Shares to which the holder is entitled;
- b) if required, issue a substitute Certificate for any remaining unexercised Performance Rights held by the holder;
- c) if required and subject to paragraph 8, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act; and
- d) in the event the Company is admitted to the official list of ASX, do all such acts, matters and things to obtain the grant of quotation of the Shares by ASX in accordance with the Listing Rules and subject to the expiry of any restriction period that applies to the Shares under the Corporations Act or the Listing Rules.

(8) **Restrictions on transfer of Shares**

If the Company is required but is unable to give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, Shares issued on conversion of the Performance Rights may not be traded until 12 months after their issue unless the Company, at its sole discretion, elects to issue a prospectus pursuant to section 708A(11) of the Corporations Act.

(9) **Shares issued on exercise**

All Shares issued upon the exercise of Performance Rights will upon issue rank pari passu in all respects with the then Shares of the Company.

(10) **Transfer**

The Performance Rights are not transferable.

(11) **Quotation**

No application for quotation of the Performance Rights will be made by the Company.

(12) **Voting rights and dividends**

The Performance Rights do not confer on the holder an entitlement to vote at general meetings of the Company or to receive dividends.

(13) **Entitlement to capital return**

The Performance Rights do not confer any right to a return of capital, whether in a winding up, upon a reduction of capital or otherwise, and similarly do not confer any right to participate in the surplus profit or assets of the Company upon a winding up, in each case, during the currency of the Performance Rights without exercising the Performance Rights.

(14) **Participation in entitlements and bonus issues**

Subject to the rights under paragraphs 15 and 16 below, during the currency of any Performance Rights and prior to their exercise, the holder is not entitled to participate in any new issue of Shares of the Company such as bonus issues and entitlement issues, as a result of their holding of the Performance Rights.

(15) **Adjustment for Bonus Issue**

- a) If Shares are issued by the Company pro rata to Shareholders generally by way of bonus issue (other than an issue in lieu of dividends or by way of dividend reinvestment), the holder of the Performance Rights is entitled, upon exercise of the Performance Rights, to receive, in addition to the Shares in respect of which the Performance Rights are exercised and without the payment of any further consideration, an allotment of as many additional Shares as would have been issued to a Shareholder who, on the date for determining entitlements under the bonus issue, held Shares equal in number to the Shares in respect of which the Performance Rights are exercised.
- b) Additional Shares to which the holder of the Performance Rights becomes so entitled will, as from the time Shares are issued pursuant to the bonus issue and until those additional Shares are allotted, be regarded as Shares in respect of which the Performance Rights are exercised for the purposes of subsequent applications of paragraph 15(a) above, and any adjustments which, after the time just mentioned, are made under paragraph 16 below to the number of Shares, will also be made to the additional Shares.

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

The Performance Rights do not entitle the holder to a return of capital, whether in a winding up, upon a reduction of capital or otherwise.

(17) **Rights on winding up**

The Performance Rights do not entitle the holder to participate in the surplus profits or assets of the Company upon winding up.

(18) **Reorganisation of capital**

If there is a reorganisation of the issued Share capital of the Company (including any subdivision, consolidation, reduction, return or cancellation of such issued capital of the Company), the rights of each holder of Performance Rights will be changed to the extent necessary to comply with the Listing Rules applicable to a reorganisation of capital at the time of the reorganisation.



(19) **Leaver**

You will become a "Leaver" when you cease employment, engagement or office with the Company or any of its subsidiaries. Where you become a Leaver, all unvested Performance Rights will automatically be forfeited by you, unless the Board otherwise determines in its discretion to permit some or all of the Performance Rights to vest.

(20) **Change of Control**

If a Change of Control Event (as defined in the Plan) occurs, or the Board determines that such an event is likely to occur, the Board may in its discretion determine the manner in which any or all of the Performance Rights will be dealt with, including, without limitation, in a manner that allows the holder to participate in and/or benefit from any transaction arising from or in connection with the Change of Control Event.

# Schedule 5 Terms and conditions of Options - Jonathan Romcke

(1) **Entitlement**

Each Option entitles the holder to subscribe for one fully paid ordinary share in the capital of the Company (**Share**) upon exercise of the Option (once vested).

(2) **Plan**

The Options will be issued under the Company's employee securities incentive plan (**Plan**) for nil cash consideration. In the event of any inconsistency between the Plan and these terms and conditions, these terms and conditions will apply to the extent of the inconsistency.

(3) **Exercise Price and Expiry Date**

The Options have an exercise price of \$1.40 per Option (**Exercise Price**) and will expire on the earlier to occur of:

- a) 31 December 2026; and
- b) the Options lapsing and being forfeited under the Plan or these terms and conditions.

(4) **Expiry Date**

An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(5) **Vesting Conditions**

Subject to these terms and conditions, the Options will vest as follows:

Options	Number	Vesting Condition
Class A	200,000	The Company achieving for the first time 0.5Mt of clean coal sales in a consecutive six month period commencing on the date of issue and ending on the Expiry Date
Class B	200,000	The Company achieving for the first time 1Mt of clean coal sales in a consecutive six month period commencing the date of issue and ending on the Expiry Date
Class C	200,000	The Company achieving for the first time 1.5Mt of clean coal sales in a consecutive six month period commencing the date of issue and ending on the Expiry Date

Class D	200,000	The Company achieving for the first time 2.0Mt of clean coal sales in a consecutive six month period commencing the date of issue and ending on the Expiry Date
Class E	200,000	The Company achieving for the first time 2.5Mt of clean coal sales in a consecutive six month period commencing the date of issue and ending on the Expiry Date

(6) **Exercise Period**

Each vested Option is exercisable at any time and from time to time on or prior to the Expiry Date.

(7) **Quotation of the Options**

The Options will be unquoted.

(8) **Transferability of the Options**

The Options are not transferable unless they have vested and only with the prior written approval of the Company and subject to compliance with the Corporations Act.

(9) **Voting rights and dividends**

The Options do not confer on the holder an entitlement to vote at general meetings of the Company or to receive dividends.

(10) **Entitlement to capital return**

The Options do not confer any right to a return of capital, whether in a winding up, upon a reduction of capital or otherwise, and similarly do not confer any right to participate in the surplus profit or assets of the Company upon a winding up, in each case, during the currency of the Options without exercising the Options.

(11) **Notice of Exercise**

The Options may be exercised by notice in writing to the Company in multiples of 10,000 Options per notice in the manner specified on the Option certificate or as otherwise agreed with the Company (**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 (acting reasonably). Any Notice of Exercise of an Option received by the Company will be deemed to be a notice of the exercise of that Option as at the date of receipt.

(12) **Lodgement instructions**

Cheques shall be in Australian currency made payable to the Company and crossed "Not Negotiable". The application for Shares on exercise of the Options with the appropriate remittance should be lodged at the Company's Share Registry.

(13) **Shares issued on exercise**

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

(14) **Quotation of Shares on exercise**

If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Options in accordance with the Listing Rules.

(15) **Timing of issue of Shares**

Within 5 business days after the receipt of a Notice of Exercise given in accordance with these terms and conditions and payment of the Exercise Price for each Option being exercised, the Company will:

- a) issue the Shares pursuant to the exercise of the Options;
- b) if required and subject to paragraph 7, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act; and
- c) apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

(16) **Restrictions on transfer of Shares**

If the Company is required but is unable to give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, Shares issued on conversion of the Performance Rights may not be traded until 12 months after their issue unless the Company, at its sole discretion, elects to issue a prospectus pursuant to section 708A(11) of the Corporations Act.

(17) **Cashless exercise of Options**

The holder of Options may elect not to be required to provide payment of the Exercise Price for the number of Options specified in a Notice of Exercise but that on exercise of those Options the Company will transfer or allot to the holder that number of Shares equal in value to the positive difference between the then Market Value of the Shares at the time of exercise and the Exercise Price that would otherwise be payable to exercise those Options (with the number of Shares rounded down to the nearest whole Share).

**Market Value** means, at any given date, the volume weighted average price per Share traded on the ASX over the five (5) trading days immediately preceding that given date.

(18) **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.

(19) **Adjustment for bonus issues of Shares**

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):

- a) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the Option holder would have received if the Option holder
- b) no change will be made to the Exercise Price.

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

The Options do not entitle the holder to a return of capital, whether in a winding up, upon a reduction of capital or otherwise.

(21) **Adjustment for entitlements issue**

If the Company makes an issue of Shares pro rata to existing Shareholders (other than as a bonus issue, to which paragraph 10 will apply) there will be no adjustment the number of Shares over which the Options are exercisable of the Exercise Price of an Option or.

(22) **Rights on winding up**

The Options do not entitle the holder to participate in the surplus profits or assets of the Company upon winding up.

(23) **Adjustments for reorganisation**

If there is a reorganisation of the issued Share capital of the Company (including any subdivision, consolidation, reduction, return or cancellation of such issued capital of the Company), the rights of each holder of Options will be changed to the extent necessary to comply with the Listing Rules applicable to a reorganisation of capital at the time of the reorganisation.

(24) **Leaver**

You will become a "Leaver" when you cease employment, engagement or office with the Company or any of its subsidiaries. Where you become a Leaver, all unvested Options will automatically be forfeited by you, unless the Board otherwise determines in its discretion to permit some or all of the Options to vest.

(25) **Change in control**

If a Change of Control Event (as defined in the Plan) occurs, or the Board determines that such an event is likely to occur, the Board may in its discretion determine the manner in which any or all of the Options will be dealt with, including, without limitation, in a manner that allows the holder of the Options to participate in and/or benefit from any transaction arising from or in connection with the Change of Control Event.

# Schedule 6 Terms and conditions of Performance Rights - Jonathan Romcke

(1) **Entitlement**

Each Performance Right entitles the holder to subscribe for one fully paid ordinary share in the capital of the Company (**Share**) upon conversion of the Performance Right (once vested).

(2) **Plan**

The Performance Rights will be issued under the Company's employee securities incentive plan (**Plan**) for nil cash consideration. In the event of any inconsistency between the Plan and these terms and conditions, these terms and conditions will apply to the extent of the inconsistency.

(3) **Expiry Date**

Any Performance Rights that have not vested before 31 December 2026 will automatically lapse (**Expiry Date**). A vested Performance Right not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(4) **Vesting Conditions**

Subject to these terms and conditions, the Performance Rights will vest as follows:

Performance Rights	Number	Vesting Condition
Class A	400,000	The Company achieving for the first time 0.5Mt of clean coal sales in a consecutive six month period commencing on the date of issue and ending on the Expiry Date
Class B	400,000	The Company achieving for the first time 1Mt of clean coal sales in a consecutive six month period commencing the date of issue and ending on the Expiry Date
Class C	400,000	The Company achieving for the first time 1.5Mt of clean coal sales in a consecutive six month period commencing the date of issue and ending on the Expiry Date
Class D	400,000	The Company achieving for the first time 2.0Mt of clean coal sales in a consecutive six month period commencing the

		date of issue and ending on the Expiry Date
Class E	400,000	The Company achieving for the first time 2.5Mt of clean coal sales in a consecutive six month period commencing the date of issue and ending on the Expiry Date

(5) **Exercise Price**

The Exercise Price of each vested Performance Right is nil.

(6) **Conversion**

Upon vesting, each Performance Right will, at the Participant's election, convert into one Share. The Participant may apply to exercise vested Performance Rights at any time prior to the Expiry Date by filling out a notice of exercise in the form provided by the Company and returning to the Company Secretary (**Notice of Exercise**).

(7) **Timing of issue of Shares and quotation of Shares on exercise**

As soon as practicable after the issue of a Notice of Exercise by the holder, the Company will:

- a) issue, allocate or cause to be transferred to the holder the number of Shares to which the holder is entitled;
- b) if required, issue a substitute Certificate for any remaining unexercised Performance Rights held by the holder;
- c) if required and subject to paragraph 8, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act; and
- d) in the event the Company is admitted to the official list of ASX, do all such acts, matters and things to obtain the grant of quotation of the Shares by ASX in accordance with the Listing Rules and subject to the expiry of any restriction period that applies to the Shares under the Corporations Act or the Listing Rules.

(8) **Restrictions on transfer of Shares**

If the Company is required but is unable to give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, Shares issued on conversion of the Performance Rights may not be traded until 12 months after their issue unless the Company, at its sole discretion, elects to issue a prospectus pursuant to section 708A(11) of the Corporations Act.

(9) **Shares issued on exercise**

All Shares issued upon the exercise of Performance Rights will upon issue rank pari passu in all respects with the then Shares of the Company.

(10) **Transfer**

The Performance Rights are not transferable.

(11) **Quotation**

No application for quotation of the Performance Rights will be made by the Company.

(12) **Voting rights and dividends**

The Performance Rights do not confer on the holder an entitlement to vote at general meetings of the Company or to receive dividends.

(13) **Entitlement to capital return**

The Performance Rights do not confer any right to a return of capital, whether in a winding up, upon a reduction of capital or otherwise, and similarly do not confer any right to participate in the surplus profit or assets of the Company upon a winding up, in each case, during the currency of the Performance Rights without exercising the Performance Rights.

(14) **Participation in entitlements and bonus issues**

Subject to the rights under paragraphs 15 and 16 below, during the currency of any Performance Rights and prior to their exercise, the holder is not entitled to participate in any new issue of Shares of the Company such as bonus issues and entitlement issues, as a result of their holding of the Performance Rights.

(15) **Adjustment for Bonus Issue**

- a) If Shares are issued by the Company pro rata to Shareholders generally by way of bonus issue (other than an issue in lieu of dividends or by way of dividend reinvestment), the holder of the Performance Rights is entitled, upon exercise of the Performance Rights, to receive, in addition to the Shares in respect of which the Performance Rights are exercised and without the payment of any further consideration, an allotment of as many additional Shares as would have been issued to a Shareholder who, on the date for determining entitlements under the bonus issue, held Shares equal in number to the Shares in respect of which the Performance Rights are exercised.
- b) Additional Shares to which the holder of the Performance Rights becomes so entitled will, as from the time Shares are issued pursuant to the bonus issue and until those additional Shares are allotted, be regarded as Shares in respect of which the Performance Rights are exercised for the purposes of subsequent applications of paragraph 15(a) above, and any adjustments which, after the time just mentioned, are made under paragraph 16 below to the number of Shares, will also be made to the additional Shares.

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

The Performance Rights do not entitle the holder to a return of capital, whether in a winding up, upon a reduction of capital or otherwise.

(17) **Rights on winding up**

The Performance Rights do not entitle the holder to participate in the surplus profits or assets of the Company upon winding up.

(18) **Reorganisation of capital**

If there is a reorganisation of the issued Share capital of the Company (including any subdivision, consolidation, reduction, return or cancellation of such issued capital of the Company), the rights of each holder of Performance Rights will be changed to the extent necessary to comply with the Listing Rules applicable to a reorganisation of capital at the time of the reorganisation.



(19) **Leaver**

You will become a "Leaver" when you cease employment, engagement or office with the Company or any of its subsidiaries. Where you become a Leaver, all unvested Performance Rights will automatically be forfeited by you, unless the Board otherwise determines in its discretion to permit some or all of the Performance Rights to vest.

(20) **Change of Control**

If a Change of Control Event (as defined in the Plan) occurs, or the Board determines that such an event is likely to occur, the Board may in its discretion determine the manner in which any or all of the Performance Rights will be dealt with, including, without limitation, in a manner that allows the holder to participate in and/or benefit from any transaction arising from or in connection with the Change of Control Event.

## Schedule 7 Summary of material terms and conditions of the Plan

- (a) **(Eligible Participant):** An “Eligible Participant” under the Plan means a person that:
- (i) is an “eligible participant” (as that term is defined in ASIC Class Order 14/1000) in relation to the Company or an Associated Body Corporate (as that term is defined in ASIC Class Order 14/1000); and
  - (ii) has been determined by the Board to be eligible to participate in the Plan from time to time.
- (b) **(Purpose):** The purpose of the Plan is to:
- (i) assist in the reward, retention and motivation of Eligible Participants;
  - (ii) link the reward of Eligible Participants to Shareholder value creation; and
  - (iii) align the interests of Eligible Participants with shareholders of the Group (being the Company and each of its Associated Bodies Corporate), by providing an opportunity to Eligible Participants to receive an equity interest in the Company in the form of Securities.

- (c) **(Plan administration):** The Plan will be administered by the Board. The Board may exercise any power or discretion conferred on it by the Plan rules in its sole and absolute discretion. The Board may delegate its powers and discretion.
- (d) **(Eligibility, invitation and application):** The Board may from time to time determine that an Eligible Participant may participate in the Plan and make an invitation to that Eligible Participant to apply for securities on such terms and conditions as the Board decides.

On receipt of an invitation under the Plan, an Eligible Participant may apply for the securities the subject of the invitation by sending a completed application form to the Company. The Board may accept an application from an Eligible Participant in whole or in part. If an Eligible Participant is permitted in the invitation, the Eligible Participant may, by notice in writing to the Board, nominate a party in whose favour the Eligible Participant wishes to renounce the invitation.

- (e) **(Grant of securities):** The Company will, to the extent that it has accepted a duly completed application, grant the Participant the relevant number of securities, subject to the terms and conditions set out in the invitation, the Plan rules and any ancillary documentation required.
- (f) **(Terms of Convertible Securities):** Each ‘Convertible Security’ represents a right to acquire one or more Shares (for example, under an option or performance right), subject to the terms and conditions of the Plan.

Prior to a Convertible Security being exercised a Participant does not have any interest (legal, equitable or otherwise) in any Share the subject of the Convertible Security by virtue of holding the Convertible Security. A Participant may not sell, assign, transfer, grant a security interest over or otherwise deal with a Convertible Security that has been granted to them. A Participant must not enter into any arrangement for the purpose of hedging their economic exposure to a Convertible Security that has been granted to them.

- (g) **(Vesting of Convertible Securities):** Any vesting conditions applicable to the grant of Convertible Securities will be described in the invitation. If all the vesting conditions are

satisfied and/or otherwise waived by the Board, a vesting notice will be sent to the Participant by the Company informing them that the relevant Convertible Securities have vested. Unless and until the vesting notice is issued by the Company, the Convertible Securities will not be considered to have vested. For the avoidance of doubt, if the vesting conditions relevant to a Convertible Security are not satisfied and/or otherwise waived by the Board, that Convertible Security will lapse.

- (h) **(Exercise of Convertible Securities and cashless exercise):** To exercise a Convertible Security, the Participant must deliver a signed notice of exercise and, subject to a cashless exercise of Convertible Securities (see below), pay the exercise price (if any) to or as directed by the Company, at any time prior to the earlier of any date specified in the vesting notice and the expiry date as set out in the invitation.

An invitation may specify that at the time of exercise of the Convertible Securities, the Participant may elect not to be required to provide payment of the exercise price for the number of Convertible Securities specified in a notice of exercise, but that on exercise of those Convertible Securities the Company will transfer or issue to the Participant that number of Shares equal in value to the positive difference between the Market Value of the Shares at the time of exercise and the exercise price that would otherwise be payable to exercise those Convertible Securities.

**Market Value** means, at any given date, the volume weighted average price per Share traded on the ASX over the 5 trading days immediately preceding that given date, unless otherwise specified in an invitation.

A Convertible Security may not be exercised unless and until that Convertible Security has vested in accordance with the Plan rules, or such earlier date as set out in the Plan rules.

- (i) **(Delivery of Shares on exercise of Convertible Securities):** As soon as practicable after the valid exercise of a Convertible Security by a Participant, the Company will issue or cause to be transferred to that Participant the number of Shares to which the Participant is entitled under the Plan rules and issue a substitute certificate for any remaining unexercised Convertible Securities held by that Participant.
- (j) **(Forfeiture of Convertible Securities):** Where a Participant who holds Convertible Securities ceases to be an Eligible Participant or becomes insolvent, all unvested Convertible Securities will automatically be forfeited by the Participant, unless the Board otherwise determines in its discretion to permit some or all of the Convertible Securities to vest.

Where the Board determines that a Participant has acted fraudulently or dishonestly, or wilfully breached his or her duties to the Group, the Board may in its discretion deem all unvested Convertible Securities held by that Participant to have been forfeited.

Unless the Board otherwise determines, or as otherwise set out in the Plan rules:

- (i) any Convertible Securities which have not yet vested will be forfeited immediately on the date that the Board determines (acting reasonably and in good faith) that any applicable vesting conditions have not been met or cannot be met by the relevant date; and
  - (ii) any Convertible Securities which have not yet vested will be automatically forfeited on the expiry date specified in the invitation.
- (k) **(Change of control):** If a change of control event occurs in relation to the Company, or the Board determines that such an event is likely to occur, the Board may in its discretion determine the manner in which any or all of the Participant's Convertible Securities will be dealt with, including, without limitation, in a manner that allows the Participant to participate

in and/or benefit from any transaction arising from or in connection with the change of control event.

- (l) **(Rights attaching to Plan Shares):** All Shares issued under the Plan, or issued or transferred to a Participant upon the valid exercise of a Convertible Security, (**Plan Shares**) will rank pari passu in all respects with the Shares of the same class. A Participant will be entitled to any dividends declared and distributed by the Company on the Plan Shares and may participate in any dividend reinvestment plan operated by the Company in respect of Plan Shares. A Participant may exercise any voting rights attaching to Plan Shares.
- (m) **(Disposal restrictions on Securities):** If the invitation provides that any Plan Shares or Convertible Securities are subject to any restrictions as to the disposal or other dealing by a Participant for a period, the Board may implement any procedure it deems appropriate to ensure the compliance by the Participant with this restriction.

For so long as a Plan Share or Convertible Security is subject to any disposal restrictions under the Plan, the Participant will not:

- (i) transfer, encumber or otherwise dispose of, or have a security interest granted over that Plan Share; or
  - (ii) take any action or permit another person to take any action to remove or circumvent the disposal restrictions without the express written consent of the Company.
- (n) **(Adjustment of Convertible Securities):** If there is a reorganisation of the issued share capital of the Company (including any subdivision, consolidation, reduction, return or cancellation of such issued capital of the Company), the rights of each Participant holding Convertible Securities will be changed to the extent necessary to comply with the Listing Rules applicable to a reorganisation of capital at the time of the reorganisation.

If Shares are issued by the Company by way of bonus issue (other than an issue in lieu of dividends or by way of dividend reinvestment), the holder of Convertible Securities is entitled, upon exercise of the Convertible Securities, to receive an allotment of as many additional Shares as would have been issued to the holder if the holder held Shares equal in number to the Shares in respect of which the Convertible Securities are exercised.

Unless otherwise determined by the Board, a holder of Convertible Securities does not have the right to participate in a pro rata issue of Shares made by the Company or sell renounceable rights.

- (o) **(Participation in new issues):** There are no participation rights or entitlements inherent in the Convertible Securities and holders are not entitled to participate in any new issue of Shares of the Company during the currency of the Convertible Securities without exercising the Convertible Securities.
- (p) **(Amendment of Plan):** Subject to the following paragraph, the Board may at any time amend any provisions of the Plan rules, including (without limitation) the terms and conditions upon which any Securities have been granted under the Plan and determine that any amendments to the Plan rules be given retrospective effect, immediate effect or future effect.

No amendment to any provision of the Plan rules may be made if the amendment materially reduces the rights of any Participant as they existed before the date of the amendment, other than an amendment introduced primarily for the purpose of complying with legislation or to correct manifest error or mistake, amongst other things, or is agreed to in writing by all Participants.

- (q) **(Plan duration):** The Plan continues in operation until the Board decides to end it. The Board may from time to time suspend the operation of the Plan for a fixed period or indefinitely, and may end any suspension. If the Plan is terminated or suspended for any reason, that termination or suspension must not prejudice the accrued rights of the Participants.

If a Participant and the Company (acting by the Board) agree in writing that some or all of the Securities granted to that Participant are to be cancelled on a specified date or on the occurrence of a particular event, then those Securities may be cancelled in the manner agreed between the Company and the Participant.

## Schedule 8 Valuation of Director Securities

The Options to be issued to Paul Vining and Jonathan Romcke (or their respective nominees) have been valued according to a Black-Scholes valuation model on the following assumptions

<b>Number of Options P Vining</b>	500,000
<b>Number of Options J Romcke</b>	1,000,000
<b>Assumed Share price at grant date</b>	\$0.545
<b>Exercise price</b>	\$1.40
<b>Market value on ASX of underlying Shares at time of setting exercise price</b>	\$0.545
<b>Exercise price premium to market value</b>	\$0.855
<b>Expiry</b>	31 December 2026
<b>Expected volatility</b>	88%
<b>Risk free interest rate</b>	3.55%
<b>Annualised dividend yield</b>	Nil
<b>Value of each Option</b>	\$0.2740197
<b>Aggregate value of Options P Vining</b>	\$137,009.85
<b>Aggregate value of Options J Romcke</b>	\$274,019.70

The Performance Rights to be issued to Paul Vining and Jonathan Romcke (or their respective nominees) have been valued according to a Black-Scholes valuation model on the following assumptions:

<b>Number of Performance Rights P Vining</b>	500,000
<b>Number of Performance Rights J Romcke</b>	2,000,000
<b>Assumed Share price at grant date</b>	\$0.545
<b>Exercise price</b>	Nil
<b>Market value on ASX of underlying Shares at time of setting exercise price</b>	\$0.545
<b>Exercise price premium to market value</b>	Nil

<b>Expiry</b>	31 December 2026
<b>Expected volatility</b>	88%
<b>Risk free interest rate</b>	3.55%
<b>Annualised dividend yield</b>	Nil
<b>Value of each Performance Right</b>	\$0.545
<b>Aggregate value of Performance Right P Vining</b>	\$272,500
<b>Aggregate value of Performance Right J Romcke</b>	\$1,090,000

<b>Director</b>	<b>Class</b>	<b>No of Performance Rights</b>	<b>Assumed Share price at grant date</b>	<b>Expiry date</b>	<b>Value per Performance Right</b>	<b>Total value of Performance Rights</b>
<b>Paul Vining</b>	<b>A</b>	100,000	0.545	31/12/2026	0.545	54,500
	<b>B</b>	100,000	0.545	31/12/2026	0.545	54,500
	<b>C</b>	100,000	0.545	31/12/2026	0.545	54,500
	<b>D</b>	100,000	0.545	31/12/2026	0.545	54,500
	<b>E</b>	100,000	0.545	31/12/2026	0.545	54,500
	<b>Total</b>	<b>500,000</b>	0.545	31/12/2026	0.545	272,500
<b>Jonathan Romcke</b>	<b>A</b>	400,000	0.545	31/12/2026	0.545	218,000
	<b>B</b>	400,000	0.545	31/12/2026	0.545	218,000
	<b>C</b>	400,000	0.545	31/12/2026	0.545	218,000
	<b>D</b>	400,000	0.545	31/12/2026	0.545	218,000
	<b>E</b>	400,000	0.545	31/12/2026	0.545	218,000
	<b>Total</b>	<b>2,000,000</b>	0.545	31/12/2026	0.545	1,090,000