



CARNEGIE CLEAN ENERGY LIMITED

ACN 009 237 736

NOTICE OF ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held at Swan Yacht Club, Riverside Road, East Fremantle WA 6158 on Tuesday, 19 November 2024 at 9:00am (AWST).

Proxy Forms for the Meeting should be lodged before 9:00am (AWST) on Sunday, 17 November 2024.

Shareholders can also submit, and are encouraged to submit, any questions in advance of the Meeting by emailing the questions to enquiries@carnegiece.com by no later than 5:00pm (AWST) on Tuesday, 12 November 2024.

If the above arrangements with respect to the Meeting change, Shareholders will be updated via the ASX Market Announcements Platform.

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

Should you wish to discuss any matter please do not hesitate to contact the Company Secretary by telephone on +61 8 6168 8400.

CARNEGIE CLEAN ENERGY LIMITED

ACN 009 237 736

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the annual general meeting of shareholders of Carnegie Clean Energy Limited (**Company**) will be held at Swan Yacht Club, Riverside Road, East Fremantle WA 6158 on Tuesday, 19 November 2024 at 9:00am (AWST) (**Meeting**).

The Explanatory Memorandum provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form part of this 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 Sunday, 17 November 2024 at 9:00am (AWST).

The Company advises that a poll will be conducted for all Resolutions.

Terms and abbreviations used in this Notice (including the Explanatory Memorandum) are defined in Schedule 1.

AGENDA

Annual Report

To consider the Annual Report of the Company and its controlled entities for the year ended 30 June 2024, which includes the Financial Report, the Directors' Report and the Auditor's Report.

Note: There is no requirement for Shareholders to approve these reports. Pursuant to the Corporations Act, Shareholders will be given a reasonable opportunity at the Meeting to ask questions about, or make comments in relation to, each of the aforementioned reports during consideration of these items.

1 Resolution 1 – Remuneration Report

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

'That, pursuant to and in accordance with section 250R(2) of the Corporations Act and for all other purposes, Shareholders approve the adoption of the Remuneration Report on the terms and conditions in the Explanatory Memorandum.'

Note: The vote on this Resolution is advisory only and does not bind the Directors or the Company. The Directors will consider the outcome of the vote and comments made by Shareholders on the Remuneration Report at the Meeting when reviewing the Company's remuneration policies.

Voting Prohibition

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

- (a) a member of the Key Management Personnel details of whose remuneration are included in the Remuneration Report; or

- (b) a Closely Related Party of such member.

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

- (a) the person is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (b) the person is the Chairperson and the appointment of the Chairperson as proxy does not specify the way the proxy is to vote on this Resolution, but expressly authorises the Chairperson to exercise the proxy even if this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

2 Resolution 2 – Re-election of Mr Michael Fitzpatrick as Director

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 14.4, article 10.3 of the Constitution and for all other purposes, Mr Michael Fitzpatrick, a Director, retires and being eligible, is re-elected as a Director on the terms and conditions in the Explanatory Memorandum.'

3 Resolution 3 – Approval of 10% Placement Facility

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

'That, pursuant to and in accordance with Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities of up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions in the Explanatory Memorandum.'

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by or on behalf of any person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue of securities (except a benefit solely in the capacity of a holder of ordinary securities in the entity) or an associate of that person (or those persons).

However, this does not apply to a vote cast in favour of this Resolution by:

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

Note: As at the date of this Notice, it is not known who may participate in any Equity Securities issued under Resolution 3 and the Company has not approached any Shareholder or identified a class of existing Shareholders to participate in any issue of Equity Securities under the 10% Placement Facility. Accordingly, no Shareholders are excluded from voting on Resolution 3.

4 Resolution 4 – Approve Employee Incentive Plan

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 7.2, exception 13(b) and for all other purposes, Shareholders approve the Company's "Employee Incentive Plan" (**Plan**) and the grant of Shares, Options and Performance Rights under the Plan and the issue of the underlying Shares upon the exercise or conversion of those Options and Performance Rights on the terms and conditions in the Explanatory Memorandum.'*

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by or on behalf of a person who is eligible to participate in the Plan or an associate of that person or those persons.

However, this does not apply to a vote cast in favour of this Resolution by:

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

Voting Prohibition

In accordance with section 250BD of the Corporations Act, a vote on this Resolution must not be cast (in any capacity) by or on behalf of any of the following persons:

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

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

- (a) the person is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or

- (b) the person is the Chairperson and the appointment of the Chairperson as proxy does not specify the way the proxy is to vote on this Resolution, but expressly authorises the Chairperson to exercise the proxy even if this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

5 Resolution 5 – Amendment to Constitution

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

'That, pursuant to and in accordance with section 136 of the Corporations Act and for all other purposes, the Constitution be amended on the terms and conditions in the Explanatory Memorandum.'

Dated: 11 October 2024

BY ORDER OF THE BOARD

A handwritten signature in black ink, appearing to read 'Grant Mooney', written in a cursive style.

Grant Mooney
Non-Executive Director and Company Secretary

CARNEGIE CLEAN ENERGY LIMITED

ACN 009 237 736

EXPLANATORY MEMORANDUM

1 Introduction

This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting.

This Explanatory Memorandum should be read in conjunction with and forms part of the Notice. The purpose of this Explanatory Memorandum is to provide information to Shareholders in deciding whether or not to pass the Resolutions.

This 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	Annual Report
Section 4	Resolution 1 – Remuneration Report
Section 5	Resolution 2 – Re-election of Mr Michael Fitzpatrick as Director
Section 6	Resolution 3 – Approval of 10% Placement Facility
Section 7	Resolution 4 – Approve Employee Incentive Plan
Section 8	Resolution 5 – Amendment to Constitution
Schedule 1	Definitions
Schedule 2	Key Terms of Employee Incentive Plan

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

2 Action to be taken by Shareholders

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

The Company advises that a poll will be conducted for all Resolutions.

2.1 Proxies

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 (subject to the voting exclusions detailed in the Notice).

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. Where the proportion or number is not specified, each proxy may exercise half of the votes.

Proxy Forms must be received by the Company no later than 9:00am (AWST) on Sunday, 17 November 2024, being at least 48 hours before the Meeting.

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

2.2 Voting Prohibition by Proxy holders (Remuneration of Key Management Personnel)

A vote on Resolutions 1 and 4 must not be cast (in any capacity) by or on behalf of any of the following persons:

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

However, a person described above may cast a vote on Resolutions 1 and 4 as a proxy if the vote is not cast on behalf of a person described in subparagraphs (a) or (b) above and either:

- (a) the person is appointed as a proxy by writing that specifies the way the proxy is to vote on Resolutions 1 and 4; or
- (b) the person is the Chairperson and the appointment of the Chairperson as proxy does not specify the way the proxy is to vote on Resolutions 1 and 4, but expressly authorises the Chairperson to exercise the proxy even if Resolutions 1 and 4 are connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

2.3 Attendance at Meeting

Shareholders may vote by directed proxy rather than attend the Meeting in person (refer to Section 2.1 for further information).

If it becomes necessary or appropriate to make alternative arrangements to those detailed in the Notice, Shareholders will be updated via the ASX announcements platform and on the Company's website at [Investor Centre - Carnegie \(carnegie.com\)](https://investor.carnegie.com).

3 Annual Report

In accordance with section 317(1) of the Corporations Act, the Annual Report must be laid before the annual general meeting. There is no requirement for Shareholders to approve the Annual Report.

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

- (a) discuss the Annual Report which is available online at [Investor Centre - Carnegie \(carnegiece.com\)](http://Investor Centre - Carnegie (carnegiece.com));
- (b) ask questions about, or comment on, the management of the Company; and
- (c) ask the auditor questions about the conduct of the audit and the preparation and content of the Auditor's Report.

In addition to taking questions at the Meeting, written questions to the Chairperson about the management of the Company, or to the Company's auditor about:

- (a) the preparation and the content of the Auditor's Report;
- (b) the conduct of the audit;
- (c) accounting policies of the Company in relation to the preparation of the financial statements; and
- (d) the independence of the auditor in relation to the conduct of the audit,

may be submitted no later than five business days before the Meeting (being no later than 5.00pm (AWST) on Tuesday, 12 November 2024) to the Company Secretary at the Company's registered office.

Please note that if you have elected to continue to receive a hard copy of the Annual Report, it will be mailed to you no later than 21 days before the Meeting.

However, if you did not elect to continue to receive a hard copy of the Annual Report and now (or at some time in the future) wish to receive a hard copy of the Annual Report, please contact the Company, who will arrange to mail you a hard copy.

4 Resolution 1 – Remuneration Report

In accordance with section 250R(2) of the Corporations Act, the Company must put the Remuneration Report to the vote of Shareholders.

The Directors' Report contains the Remuneration Report which sets out the remuneration policy for the Company and the remuneration arrangements in place for the executive Directors, specified executives and non-executive Directors.

In accordance with section 250R(3) of the Corporations Act, Resolution 1 is advisory only and does not bind the Directors or the Company. If Resolution 1 is not passed, the Directors will not be required to alter any of the arrangements in the Remuneration Report.

Shareholders will have the opportunity to remove the whole Board except the managing director (if applicable) if the Remuneration Report receives a 'no' vote of 25% or more (**Strike**) at two consecutive annual general meetings.

Where a resolution on the Remuneration Report receives a Strike at two consecutive annual general meetings, the Company will be required to put to Shareholders at the second annual general meeting a resolution on whether another meeting should be held (within 90 days) at which all Directors (other than the managing director) who were in office at the date of approval of the applicable Directors' Report must stand for re-election.

The Remuneration Report did not receive a Strike at the 2023 annual general meeting. Please note if the Remuneration Report receives a Strike at this Meeting and if a second Strike is received at the 2025 annual general meeting, this may result in the re-election of the Board.

The Chairperson will allow reasonable opportunity for Shareholders to ask questions about or comment on the Remuneration Report.

Resolution 1 is an ordinary resolution.

The Chairperson intends to exercise all available undirected proxies in favour of Resolution 1.

If the Chairperson is appointed as your proxy and you have not specified the way the Chairperson is to vote on Resolution 1, by signing and returning the Proxy Form, you are considered to have provided the Chairperson with an express authorisation for the Chairperson to vote the proxy in accordance with the Chairperson's intention, even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

5 Resolution 2 – Re-election of Mr Michael Fitzpatrick as Director

5.1 General

In accordance with Listing Rule 14.4, a director must not hold office (without re-election) past the third annual general meeting following the director's appointment or three years, whichever is longer.

Article 10.3(b) of the Constitution requires that a Director must retire from office no later than the longer of the third annual general meeting of the Company or three years following that Director's last election or appointment.

Article 10.3(f) of the Constitution states that a Director who retires under article 10.3(b) is eligible for re-election.

Resolution 2 provides that, pursuant to and in accordance with Listing Rule 14.4, article 10.3 of the Constitution and for all other purposes, Mr Michael Fitzpatrick retires by rotation and being eligible, is re-elected as a Director.

Details of the qualifications and experience of Mr Fitzpatrick are detailed in the Annual Report.

If Resolution 2 is passed, Mr Fitzpatrick will be re-elected and will continue to act as a Director for the next three years.

If Resolution 2 is not passed, Mr Fitzpatrick will not be re-elected and will cease to act as a Director.

Resolution 2 is an ordinary resolution.

The Chairperson intends to exercise all available undirected proxies in favour of Resolution 2.

5.2 Board Recommendation

The Board (excluding Mr Fitzpatrick) supports the re-election of Mr Fitzpatrick and recommends that Shareholders vote in favour of Resolution 2.

6 Resolution 3 – Approval of 10% Placement Facility

6.1 General

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 securities it had on issue at the start of that period (**15% Placement Capacity**).

Listing Rule 7.1A enables an Eligible Entity to issue Equity Securities up to 10% of its issued share capital through placements over a 12-month period after the annual general meeting (**10% Placement Facility**). The 10% Placement Facility is in addition to the Company's 15% Placement Capacity under Listing Rule 7.1.

An Eligible Entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less at the time of the relevant annual general meeting. The Company is an Eligible Entity as it is not included in the S&P/ASX 300 Index and has a market capitalisation of approximately \$14.28 million (based on the number of Shares on issue and the closing price of Shares on the ASX on 8 October 2024).

The Company is seeking Shareholder approval to have the ability to issue Equity Securities under the 10% Placement Facility. The number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 6.2(c)).

If Resolution 3 is passed, the Company will be able to issue Equity Securities under Listing Rule 7.1A up to 10% of its issued share capital over a 12-month period after the annual general meeting, in addition to the Company's 15% Placement Capacity.

If Resolution 3 is not passed, the Company will not be able to access the 10% Placement Facility to issue Equity Securities without Shareholder approval provided for in Listing Rule 7.1A and will remain subject to the 15% limit on issuing Equity Securities without Shareholder approval under Listing Rule 7.1.

Resolution 3 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 Chairperson intends to exercise all available undirected proxies in favour of Resolution 3.

6.2 Listing Rule 7.1A

(a) Shareholder approval

The ability to issue Equity Securities under the 10% Placement Facility is subject to Shareholder approval by way of a special resolution at an annual general meeting. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 3 for it to be passed.

(b) Equity Securities

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company.

The Company, as at the date of the Notice, has on issue one quoted classes of Equity Securities, being Shares.

(c) Formula for calculating 10% Placement Facility

Listing Rule 7.1A.2 provides that Eligible Entities which have obtained shareholder approval at an annual general meeting may issue or agree to issue, during the 10% Placement Period (refer to Section 6.2(f)), a number of Equity Securities calculated in accordance with the following formula:

(A x D) – E

A is the number of Shares on issue at the commencement of the relevant period:

- (A) plus the number of Shares issued in the relevant period under an exception in Listing Rule 7.2 other than exception 9, 16 or 17;
- (B) plus the number of Shares issued in the relevant period on the conversion of convertible securities within Listing Rule 7.2 exception 9 where:
 - (I) the convertible securities were issued or agreed to be issued before the commencement of the relevant period; or
 - (II) the issue of, or agreement to issue, the convertible securities was approved, or taken under the Listing Rules to have been approved under Listing Rule 7.1 or 7.4;
- (C) plus the number of Shares issued in the relevant period under an agreement to issue securities within Listing Rule 7.2 exception 16 where:
 - (I) the agreement was entered into before the commencement of the relevant period; or
 - (II) the agreement or issue was approved, or taken under the Listing Rules to have been approved, under Listing Rule 7.1 or 7.4;
- (D) plus the number of any other Shares issued in the relevant period with approval under Listing Rule 7.1 or 7.4;
- (E) plus the number of partly paid ordinary shares that became fully paid in the relevant period;
- (F) less the number of Shares cancelled in the relevant period.

Note that A has the same meaning in Listing Rule 7.1 when calculating an entity's 15% Placement Capacity.

D is 10%

E is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the relevant period where the issue or agreement has not been subsequently approved by Shareholders under Listing Rule 7.4.

(d) Listing Rule 7.1 and Listing Rule 7.1A

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% Placement Capacity under Listing Rule 7.1.

At the date of the Notice, the Company has on issue 366,203,472 Shares and therefore has capacity to issue:

- (i) 45,330,521 Equity Securities under Listing Rule 7.1; and
- (ii) subject to Shareholder approval being obtained under Resolution 3, 36,620,347 Equity Securities under Listing Rule 7.1A.

The actual number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 6.2(c)).

(e) **Minimum Issue Price**

The issue price of Equity Securities issued under Listing Rule 7.1A must be not less than 75% of the VWAP of Equity Securities in the same class, calculated over the 15 Trading Days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed by the entity and the recipient of the Equity Securities; or
- (ii) if the Equity Securities are not issued within 10 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

(f) **10% Placement Period**

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A is valid from the date of the annual general meeting at which the approval is obtained and expires on the earlier to occur of:

- (i) the date that is 12 months after the date of the annual general meeting at which the approval is obtained;
- (ii) the time and date of the entity's next annual general meeting; or
- (iii) the time and date of the approval by holders of the Eligible Entity's ordinary securities of a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

(the **10% Placement Period**).

6.3 Effect of Resolution

The effect of Resolution 3 will be to allow the Directors to issue the Equity Securities under Listing Rule 7.1A during the 10% Placement Period without using the Company's 15% Placement Capacity under Listing Rule 7.1.

6.4 Specific information required by Listing Rule 7.3A

In accordance with Listing Rule 7.3A, information is provided as follows:

- (a) The Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities over the 15 Trading Days on which trades in that class were recorded immediately before:
 - (i) the date on which the price at which the Equity Securities are to be issued is agreed by the Company and the recipient of the Equity Securities; or
 - (ii) if the Equity Securities are not issued within 10 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.
- (b) If Resolution 3 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted as shown in the below table. There is a risk that:
 - (i) the market price for the Company's Equity Securities in that class may be significantly lower on the date of the issue of the Equity Securities than on the date of the Meeting; and
 - (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date,

which may have an effect on the amount of funds raised by the issue of the Equity Securities.

(c) The below table shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable 'A' calculated in accordance with the formula in Listing Rule 7.1A(2) as at 8 October 2024.

(d) The table also shows:

- (i) two examples where variable 'A' has increased, by 50% and 100%. Variable 'A' is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
- (ii) two examples of where the issue price of ordinary securities has decreased by 50% and increased by 100% as against the current market price.

Variable 'A' in Listing Rule 7.1A.2		Dilution		
		\$0.0195 50% decrease in Issue Price	\$0.039 Issue Price	\$0.078 100% increase in Issue Price
Current Variable A 366,203,472 Shares	10% Voting Dilution	36,620,347	36,620,347	36,620,347
	Funds raised	\$714,097	\$1,428,194	\$2,856,387
50% increase in current Variable A 549,305,208 Shares	10% Voting Dilution	54,930,520	54,930,520	54,930,520
	Funds raised	\$1,071,145	\$2,142,290	\$4,284,581
100% increase in current Variable A 732,406,944 Shares	10% Voting Dilution	73,240,694	73,240,694	73,240,694
	Funds raised	\$1,428,194	\$2,856,387	\$5,712,774

The table has been prepared on the following assumptions:

- (i) The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
- (ii) No Options (including any Options issued under the 10% Placement Facility) are exercised into Shares before the date of the issue of the Equity Securities.
- (iii) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
- (iv) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of the Meeting.

- (v) The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% Placement Capacity under Listing Rule 7.1.
 - (vi) The issue of Equity Securities under the 10% Placement Facility consists only of Shares.
 - (vii) The issue price is \$0.039, being the closing price of the Shares on ASX on 8 October 2024;
- (e) The Company will only issue the Equity Securities during the 10% Placement Period. The approval under Resolution 3 for the issue of the Equity Securities will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or Listing Rule 11.2 (disposal of main undertaking).
 - (f) The Company may seek to issue the Equity Securities for cash consideration. In such circumstances, the Company intends to use the funds raised towards delivering the CETO deployment in Europe, supporting business development to progress commercialisation and/or general working capital.
 - (g) The Company will comply with the disclosure obligations under Listing Rules 3.10.3 and 7.1A(4) upon the issue of any Equity Securities.
 - (h) The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the subscribers of Equity Securities will be determined on a case-by-case basis having regard to the factors, including but not limited to, the following:
 - (i) the methods of raising funds that are available to the Company, including but not limited to, rights issues or other issues in which existing security holders can participate;
 - (ii) the effect of the issue of the Equity Securities on the control of the Company;
 - (iii) the financial situation and solvency of the Company; and
 - (iv) advice from corporate, financial and broking advisers (if applicable).
 - (i) The subscribers under the 10% Placement Facility have not been determined as at the date of the Notice but, may include existing substantial Shareholders and/or new Shareholders who are not a related party or an associate of a related party of the Company.
 - (j) In the 12 months preceding the date of the Meeting, the Company has not issued any Equity Securities under Listing Rule 7.1A.2.
 - (k) The Company did not obtain Shareholder approval under Listing Rule 7.1A at its 2023 annual general meeting.
 - (l) A voting exclusion statement is included in the Notice for Resolution 3.
 - (m) At the date of the Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice.

6.5 Board Recommendation

The Board recommends that Shareholders vote in favour of Resolution 3.

7 Resolution 4 – Approve Employee Incentive Plan

7.1 General

The Board is proposing to adopt a new employee incentive scheme, known as the "Employee Incentive Plan" (**Plan**) to replace the Company's existing employee incentive plan (**Existing Plan**).

The Plan enables the Company to grant Shares, Options and Performance Rights to eligible Directors, employees, consultants and contractors of the Company (and/or their nominees) (**Eligible Participants**). The Plan incorporates amendments in response to changes to the Corporations Act and other amendments over the Existing Plan which together the Board considers warrant the adoption of the Plan to replace the Existing Plan, as opposed to making various piecemeal amendments to the Existing Plan.

Resolution 4 seeks Shareholder approval pursuant to Listing Rule 7.2, exception 13(b), to adopt the Plan, and to enable Shares, Options and Performance Rights and Shares upon exercise or conversion of those Options or Performance Rights (together, **Employee Incentives**) to be issued under the Plan to Eligible Participants to be exempted from Listing Rule 7.1 for a period of three years from the date on which Resolution 4 is passed.

The key terms of the Plan, to be adopted pursuant to Resolution 4, are detailed in Schedule 2.

No Directors will receive securities pursuant to Resolution 4. For the avoidance of doubt, the Company must seek separate Shareholder approval under Listing Rule 10.14 in respect of any future issues of Employee Incentives under the Plan to a Director or any other related party or person whose relationship with the Company or the related party is, in ASX's opinion, such that approval should be obtained.

The Plan is intended to assist the Company to attract and retain key staff, whether employees, consultants or contractors. The Board believes that grants made to Eligible Participants under the Plan will provide a powerful tool to underpin the Company's employment and engagement strategy, and that the Plan will:

- (a) enable the Company to incentivise and retain existing Key Management Personnel and other eligible employees, consultants and contractors needed to achieve the Company's business objectives;
- (b) link the reward of key staff with the achievement of strategic goals and the long term performance of the Company;
- (c) align the financial interest of participants of the Plan with those of Shareholders; and
- (d) provide incentives to participants under the Plan to focus on superior performance that creates Shareholder value.

If Resolution 4 is passed, the Company will be able to issue Employee Incentives to Eligible Participants under the Plan without using up any of the Company's 15% Placement Capacity. However, the Company will be required to seek Shareholder approval for the issue of any Employee Incentives issued under the Plan to eligible Directors pursuant to Listing Rule 10.14.

If Resolution 4 is not passed, the Company may still issue Employee Incentives to Eligible Participants under the Plan but any issue will reduce, to that extent, the Company's 15% Placement Capacity for 12 months following the issue. However, the Company will be required to seek Shareholder approval for the issue of any Employee Incentives issued under the Plan to eligible Directors pursuant to Listing Rule 10.14.

Resolution 4 is an ordinary resolution.

The Chairperson intends to exercise all available undirected proxies in favour of Resolution 4.

7.2 Listing Rule 7.1 and Listing Rule 7.2 exception 13(b)

Listing Rule 7.1 provides that a company must not (subject to specified exceptions), without the approval of shareholders, issue or agree to issue during any 12 month period any Equity Securities, or other securities with rights to convert to equity (such as an Option or Performance Right), if the number of those securities exceeds the 15% Placement Capacity.

Listing Rule 7.2 exception 13(b) provides an exception to Listing Rule 7.1. The effect of Shareholder approval under Listing Rule 7.2 exception 13(b) is that any issues of Employee Incentives and Shares resulting from the exercise of Employee Incentives under the Plan are treated as having been made with the approval of Shareholders for the purposes of Listing Rule 7.1. Approval under Listing Rule 7.2 exception 13(b) lasts for a period of three years.

Listing Rule 7.2 exception 13(b) is only available if and to the extent that the number of Equity Securities issued under the scheme does not exceed the maximum number set out in the entity's notice of meeting dispatched to shareholders in respect of the meeting at which shareholder approval was obtained pursuant to Listing Rule 7.2 exception 13(b). Exception 13(b) also ceases to be available if there is a material change to the terms of the scheme from those set out in the notice of meeting.

7.3 Specific information required by Listing Rule 7.2

The following information in relation to Resolution 4 is provided to Shareholders for the purposes of Listing Rule 7.2 exception 13(b):

- (a) The material terms of the Plan are summarised in Schedule 2.
- (b) The Company has not issued any securities under the Plan pursuant to Listing Rule 7.2 exception 13(b) as this is the first time that Shareholder approval is being sought for the adoption of the Plan.
- (c) The maximum number of securities proposed to be issued under the Plan following Shareholder approval is 36,620,347 securities, being no more than 10% of the total number of Shares on issue at the date of the Notice.
- (d) A voting exclusion statement is included in the Notice for Resolution 4.

7.4 Board Recommendation

The Board is excluded from voting on Resolution 4 pursuant to the Listing Rules as the Board is eligible to participate under the Plan. Accordingly, the Board declines to make a recommendation to Shareholders on Resolution 4.

8 Resolution 5 – Amendment to Constitution

8.1 General

Resolution 5 seeks Shareholder approval for the Company to amend its existing Constitution (**Amended Constitution**) in accordance with section 136 of the Corporations Act.

A copy of the Amended Constitution is available for review by Shareholders at the office of the Company during normal business hours prior to the Meeting. A copy of the Amended Constitution will be sent to Shareholders upon request to the Company Secretary.

The Amended Constitution will be effective from the close of the Meeting.

Resolution 5 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 Chairperson intends to exercise all available undirected proxies in favour of Resolution 5.

8.2 Proposed amendment

Virtual Meetings (new article 9.15)

The Company seeks to insert a new article 9.15 into the Constitution:

"A meeting of Members may be held using virtual technology and Members attending virtually are present for the purposes of determining whether a quorum is present."

The proposed amendments to the Constitution will allow the Company to hold a virtual only meeting pursuant to the *Corporations Amendment (Meetings and Documents) Act 2022* (Cth) which came into effect on 1 April 2022.

Shareholders as a whole will continue to be given a reasonable opportunity to participate in accordance with section 249S of the Corporations Act when virtual technology is used to hold and conduct a general meeting.

8.3 Board Recommendation

The Board recommends that Shareholders vote in favour of Resolution 5.

Schedule 1

Definitions

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

\$ means Australian Dollars.

10% Placement Facility has the meaning given in Section 6.1.

10% Placement Period has the meaning given in Section 6.2(f).

15% Placement Capacity has the meaning given in Section 6.1.

Amended Constitution has the meaning given in Section 8.1.

Annual Report means the Directors' Report, the Financial Report and the Auditor's Report in respect to the financial period ended 30 June 2024.

ASIC means the Australian Securities and Investments Commission.

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

AWST means Australian Western Standard Time, being the time in Perth, Western Australia.

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

Board means the board of Directors.

Chairperson means the person appointed to chair the Meeting, or any part of the Meeting, convened by the Notice.

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

Company means Carnegie Clean Energy Limited (ACN 009 237 736).

Constitution means the constitution of the Company as at the commencement of the Meeting.

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

Director means a director of the Company.

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

Eligible Entity has the same meaning as in the Listing Rules.

Eligible Participants has the meaning given in Section 7.1.

Employee Incentives has the meaning given in Section 7.1.

Equity Security has the same meaning as in the Listing Rules.

Existing Plan has the meaning given in Section 7.1.

Explanatory Memorandum means the explanatory memorandum which forms part of the Notice.

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

Key Management Personnel has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility

for planning, directing and controlling the activities of the Company, directly or indirectly, 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.

Listing Rules means the listing rules of ASX.

Meeting has the meaning in the introductory paragraph of the Notice.

Notice means the notice of meeting which comprises of the notice, agenda, Explanatory Memorandum and Proxy Form.

Option means an option which entitles the holder to subscribe for a Share.

Performance Right means a right to acquire a Share.

Plan has the meaning given in Section 7.1.

Proxy Form means the proxy form attached to the Notice.

Remuneration Report means the remuneration report of the Company contained in the Directors' Report.

Resolution means a resolution contained in the Notice.

Schedule means a schedule to this Explanatory Memorandum.

Section means a section of this Explanatory Memorandum.

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

Shareholder means a shareholder of the Company.

Strike has the meaning given in Section 4.

Trading Day means a day determined by ASX to be a trading day in accordance with the Listing Rules.

VWAP means volume weighted average price.

Schedule 2

Key Terms of Employee Incentive Plan

The key terms of the Employee Incentive Plan (**Plan**) are summarised below.

Definitions

1.1 For the purposes of the Plan:

- (a) **Agreed Leaver** means a Participant who ceases to be an Eligible Participant in any of the following circumstances:
 - (i) the Participant and Board have agreed in writing that the Participant has entered into bona fide retirement;
 - (ii) the Participant and the Board have agreed in writing that the Participant's role has been made redundant;
 - (iii) the Board has determined that:
 - (A) Special Circumstances apply to the Participant; or
 - (B) the Participant is no longer able to perform their duties under their engagement or employment arrangements with the Company due to poor health, injury or disability;
 - (iv) the Participant's death; or
 - (v) any other circumstance determined by the Board in writing.
- (b) **Allocated Share** means a Share issued, transferred or allocated directly, pursuant to an Offer under the Plan (but excluding, for the avoidance of doubt, Shares issued, transferred or allocated:
 - (i) pursuant to the exercise of an Option; or
 - (ii) pursuant to the conversion of a Performance Right, under the Plan).
- (c) **Change of Control Event** means:
 - (i) the Company announces that its Shareholders have at a Court convened meeting of Shareholders voted in favour, by the necessary majority, of a proposed scheme of arrangement (excluding a scheme of arrangement for the purposes of a corporate restructure (including change of domicile, or any reconstruction, consolidation, sub-division, reduction or return) of the issued capital of the Company) and the Court, by order, approves the scheme of arrangement;
 - (ii) a Takeover Bid:
 - (A) is announced;
 - (B) has become unconditional; and
 - (C) the person making the Takeover Bid has a Relevant Interest in fifty percent (50%) or more of the issued Shares; or
 - (iii) the announcement by the Company that a sale or transfer (in one transaction or a series of related transactions) of the whole or substantially the whole of the undertaking and business of the Company has been completed.

- (d) **Director** means a Director of the Company, or any member of the Group.
- (e) **Eligible Participant** means:
- (i) Directors and Employees who are determined by the Board in its sole and absolute discretion to be eligible to receive grants of Employee Incentives; or
 - (ii) any other person who is determined by the Board in its sole and absolute discretion to be eligible to receive grants of Employee Incentives.
- (f) **Employee** means any employee, consultant or contractor of the Company, or any member of the Group.
- (g) **Employee Incentive** means any:
- (i) Share, Option or Performance Right granted, issued or transferred; or
 - (ii) Share(s) issued pursuant to the exercise of an Option or conversion of a Performance Right,
- under the Plan.
- (h) **Employee Share Scheme** has the meaning given to that term in the Corporations Act.
- (i) **ESS Interest** has the meaning given to that term in the Corporations Act.
- (j) **Group** means the Company and its associated entities (including subsidiaries).
- (k) **Non-Agreed Leaver** means a Participant who ceases to be an Eligible Participant and:
- (i) does not meet the Agreed Leaver criteria; or
 - (ii) meets the Agreed Leaver criteria but the Board has determined in writing that they be treated as a Non-Agreed Leaver.
- (l) **Offer** means an offer to an Eligible Participant, in the prescribed form, to apply for the grant of Employee Incentives under the Plan.
- (m) **Participant** means:
- (i) an Eligible Participant who has been granted Employee Incentives under the Plan; or
 - (ii) where an Eligible Participant has made a nomination:
 - (A) the Eligible Participant; or
 - (B) the nominee of the Eligible Participant who has been granted Employee Incentives under the Plan,
- as the context requires.
- (n) **Performance Period** means the period in which the Vesting Conditions must be satisfied in respect of an Employee Incentive.
- (o) **Special Circumstances** means any of the following:
- (i) the death of the Participant; or

- (ii) the total and permanent disablement of the Participant such that the Participant is unlikely ever to engage in any occupation for which the Participant is reasonably qualified by education, training or experience.
- (p) **Vesting Conditions** means any condition(s) (as specified in the Offer and determined by the Board in its sole and absolute discretion) which must be satisfied or waived in order for Employee Incentives to vest in accordance with their terms.

2. Participation

- 2.1 The Board may from time to time in its sole and absolute discretion determine that an Eligible Participant may participate in the Plan.
- 2.2 Following determination that an Eligible Participant may participate in the Plan, the Board may at any time, and from time to time, make an Offer to the Eligible Participant.

3. Maximum Allocation

- 3.1 The maximum number of Employee Incentives that may be granted pursuant to the Plan must not at any time exceed 10% of the total number of Shares on issue, being 36,620,347 securities (**Maximum Allocation**) and:

- (a) in respect of an Offer of Employee Incentives for monetary consideration, an Offer of Employee Incentives may only be made if the Company reasonably believes that:

- (i) the total number of Shares that may be issued comprising the Employee Incentives (including upon exercise or conversion of Options or Performance Rights); and

- (ii) the total number of Shares that have been issued, or may be issued, comprising:

- (A) Employee Incentives (including upon exercise or conversion of Options or Performance Rights) issued, or which may be issued, under Offers that were both received in Australia and made in connection with the Plan; and

- (B) ESS Interests (including upon exercise or conversion of ESS Interests) issued, or which may be issued, under offers that were both received in Australia and made in connection with any Employee Share Scheme other than the Plan,

(in aggregate, and whether offered for monetary consideration or no monetary consideration) during the previous three (3) years ending on the day the proposed Offer is made,

does not exceed 5% of the total number of Shares on issue as at the start of the day on which the proposed Offer is made (or if the Constitution specifies an issue cap percentage, that percentage); and

- (b) in respect of an Offer of Employee Incentives for no monetary consideration:

- (i) the Maximum Allocation must not be exceeded; and

- (ii) such Offer must not cause the limit referred to under item 3.1(a) above to be exceeded.

- 3.2 For the avoidance of doubt, where an Employee Incentive lapses without being exercised, the Employee Incentive concerned shall be excluded from any calculation described under item 3.1.

- 3.3 The Maximum Allocation may be increased by Board resolution provided such increase complies with applicable law.

4. Nominee

- 4.1 Unless expressly permitted in the Offer or by the Board, an Eligible Participant may only submit an Application in the Eligible Participant's name and not on behalf of any other person.
- 4.2 If an Eligible Participant is permitted in the Offer or by the Board, the Eligible Participant may nominate certain related persons or entities (each, a **Nominee**) to be issued the Employee Incentives the subject of the Offer.

5. Employee Share Trust

- 5.1 The Board may in its sole and absolute discretion use an employee share trust or other mechanism for the purposes of holding Shares for Participants under the Plan and delivering Shares to Participants for an issue of Shares upon exercise of the Options or the vesting of a Performance Right or otherwise.

6. Vesting Conditions

- 6.1 The Board may at its sole discretion determine the Vesting Conditions which will apply to any Employee Incentives. The Vesting Conditions will specify the criteria that the Eligible Participant is required to meet in the specified Performance Period (if any) in order to exercise Options or for Performance Rights to vest to become entitled to receive Shares under the Plan.
- 6.2 The Board may vary the Vesting Conditions and/or the Performance Period after the grant of those Employee Incentives, subject to:
- (a) the Company complying with any applicable laws;
 - (b) the Vesting Conditions and/or the Performance Period as varied being no less favourable to the Participant than the terms upon which the Employee Incentives were originally granted; and
 - (c) the Board promptly notifying a Participant of any such variation.
- 6.3 The Board will determine in its sole discretion whether (and, where applicable, to what extent) the Participant has satisfied the Vesting Conditions applicable to the relevant Performance Period.
- 6.4 Where Employee Incentives have not satisfied the Vesting Conditions within the Performance Period, those Employee Incentives will automatically lapse.

7. Cash settlement

- 7.1 Notwithstanding any other provision of the Plan, the Board may (in its absolute discretion) make one or more Offers of Options or Performance Rights on terms and conditions which provide that the Board has the absolute discretion to determine whether, upon exercise of any such Options or conversion of any such Performance Rights, instead of Shares being issued to be held by or on behalf of the Eligible Participant, a cash payment will instead be made to the Eligible Participant (or its Nominee, where applicable), with the methodology for determining the amount of that payment being specified in the terms and conditions of those Options or Performance Rights, as determined by the Board.
- 7.2 The terms of Options or Performance Rights the subject of an Offer described under item 7.1 above may also (in the Board's absolute discretion) provide for the Company to deduct from

the cash payment referred to in that item an amount on account of one or more of the following:

- (a) any applicable tax the Company is required to withhold (or otherwise deduct) in connection with such cash payment;
- (b) any superannuation or pension amount the Company is required to pay in connection with such cash payment; and
- (c) any Exercise Price (to the extent not already paid) relating to any relevant Options being exercised (if any).

8. Cashless Exercise

8.1 The terms of any Options may provide that a Participant may elect to pay the exercise price for each Option by setting off the total exercise price against the number of Shares which they are entitled to receive upon exercise (**Cashless Exercise Facility**). By using the Cashless Exercise Facility, the Participant will receive Shares to the value of the surplus after the exercise price has been set off.

9. Lapsing of Employee Incentives

9.1 Subject to the "Agreed Leaver" provisions below or the Board deciding otherwise, a Participant's Employee Incentives shall automatically lapse and be cancelled for no consideration on the earliest to occur of the following:

- (a) where the Participant is a Non-Agreed Leaver, upon the occurrence of a lapsing event in accordance with item 11.1 below;
- (b) where item 12.1 below applies;
- (c) if the applicable vesting conditions are not achieved by the end of the relevant performance period;
- (d) if the Board determines in its reasonable opinion that the applicable vesting conditions have not been met or cannot be met prior to the expiry date of the Employee Incentive or the end of the relevant performance period (as applicable);
- (e) the expiry date of the Employee Incentive;
- (f) the receipt by the Company of notice from the Participant that the Participant has elected to surrender the Employee Incentives; or
- (g) any other circumstances specified in any Offer letter pursuant to which the Employee Incentives were issued.

10. Agreed Leaver

10.1 Subject to item 10.2 below, where a Participant who holds Employee Incentives becomes an Agreed Leaver:

- (a) all vested and (subject to item 10.1(b) below) unvested Employee Incentives which have not been exercised in accordance with the Plan rules will continue in force, unless the Board determines otherwise in its sole and absolute discretion; and
- (b) the Board may at any time, in its sole and absolute discretion, do one or more of the following:
 - (i) permit unvested Employee Incentives held by the Agreed Leaver to vest;

- (ii) amend the Vesting Conditions or reduce the relevant exercise period of unvested Employee Incentives; or
- (iii) determine that the unvested Employee Incentives will lapse.

10.2 Where a person is an Agreed Leaver due to a Special Circumstance, the Participant's nominated beneficiary shall be entitled to benefit from any exercise of the above discretionary powers by the Board.

11. Non-Agreed Leaver

11.1 Where a Participant who holds Employee Incentives becomes a Non-Agreed Leaver:

- (a) unless the Board determines otherwise, in its sole and absolute discretion, all unvested Employee Incentives will immediately lapse; and
- (b) unless the Board determines otherwise, in its sole and absolute discretion, all vested Employee Incentives will lapse 30 days after the Participant who holds Employee Incentives becomes a Non-Agreed Leaver (if they have not already lapsed by the end of that period).

12. Forfeiture events

12.1 Where, in the reasonable opinion of the Board, a Participant or Former Participant (which for the avoidance of doubt may include an Agreed Leaver):

- (a) acts fraudulently or dishonestly;
- (b) willfully breaches his or her duties to the Company or any member of the Group; or
- (c) has, by any act or omission, in the opinion of the Board (determined in its absolute discretion):
 - (i) brought the Company, the Group, its business or reputation into disrepute; or
 - (ii) is contrary to the interest of the Company or the Group;
- (d) commits any material breach of the provisions of any employment contract or services contract entered into by the Participant with any member of the Group;
- (e) commits any material breach of any of the policies of the Group or procedures or any applicable laws applicable to the Company or Group;
- (f) is subject to allegations concerning, or has been accused of, charged with or convicted of, fraudulent or dishonest conduct in the performance of the Participant's (or Former Participant's) duties, which in the reasonable opinion of the Board affects the Participant's suitability for employment with any member of the Group, or brings the Participant or the relevant member of the Group into disrepute or is contrary to the interests of the Company or the Group;
- (g) is subject to allegations concerning, or has been accused of, charged with or convicted of any criminal offence which involves, fraud or dishonesty or any other criminal offence which Board determines (in its absolute discretion) is of a serious nature;
- (h) had committed any wrongful or negligent act or omission which has caused any member of the Group substantial liability;
- (i) had become disqualified from managing corporations in accordance with Part 2D.6 of the Corporations Act or has committed any act that, pursuant to the Corporations Act, may result in the Participant being banned from managing a corporation;

- (j) had committed serious or gross misconduct, wilful disobedience or any other conduct justifying termination of employment without notice; or
- (k) had willfully or negligently failed to perform their duties under any employment contract or services contract entered into by the Participant with any member of the Group,

then the Board may (in its absolute discretion) deem that all Employee Incentives held by the Participant or former Participant will automatically be forfeited.

13. Discretion of the Board

13.1 The Board may decide to allow a Participant to:

- (a) retain and exercise any or all of their Options, whether or not the Vesting Conditions have been satisfied during the Performance Period, and whether or not the Options would otherwise have lapsed, provided that no Options will be capable of exercise later than the relevant expiry date for those Options; and
- (b) retain any Performance Rights regardless of:
 - (i) the expiry of the Performance Period to which those Performance Rights relate; or
 - (ii) any failure by the Participant to satisfy in part or in full the Vesting Conditions specified by the Board in respect of those Performance Rights,

in which case, the Board may:

- (iii) determine that any or all of those retained Performance Rights shall vest and the corresponding Shares shall be provided to the Participant; or
- (iv) determine a new Performance Period or Vesting Conditions (as applicable) for those retained Performance Rights and notify the Participant of the determination as soon as practicable.

14. Change of control

14.1 The terms of any Performance Rights or Options may provide that where a Change of Control Event has occurred or, in the opinion of the Board, there is a state of affairs that will or is likely to result in a Change of Control Event occurring:

- (a) all granted Performance Rights which have not yet vested or lapsed shall automatically and immediately vest, regardless of whether any Vesting Conditions have been satisfied;
- (b) all Options will automatically and immediately vest (to the extent they have not already vested) and shall be deemed to have been automatically exercised (utilising the Cashless Exercise Facility (if permitted by the terms and conditions of the Options), to the extent such Options have an Exercise Price), regardless of whether the Vesting Conditions have been satisfied, notwithstanding the Notice of Exercise not having been issued (except that there will be no automatic exercise of Options which have an Exercise Price which is greater than the amount which the Cashless Exercise Facility can be used for, as specified in the terms and conditions of the Options, but instead those Options will automatically lapse on the earliest to occur of the expiry date for those Options, when they would otherwise lapse in accordance with the Plan or 11:59pm (in Perth, Western Australia) on the second business day after the Change of Control Event occurs); or

- (c) if the Board has procured an offer for all holders of Options on like terms (having regard to the nature and value of the Options) to the terms proposed under the Change of Control Event and the Board has specified (in its absolute discretion) a period during which the holders of Options may elect to accept the offer and, if the Participant has not so elected at the end of that offer period, the Options, if not exercised within 10 days of the end of that offer period, shall expire.
- 14.2 The terms and conditions of specific Options or Performance Rights may adopt varied terms arising from a Change of Control.
- 15. Employee Loan**
- 15.1 The Board may, as part of any Offer, in its absolute discretion, offer to a Participant a limited recourse, interest free loan to be made by the Company to the Participant for an amount equal to the issue price multiplied by the number of Shares offered to the Participant pursuant to the relevant Offer.
- 16. Restriction Period and Holding Lock**
- 16.1 Allocated Shares may be offered on terms that restrict the Participant from dealing with or transferring the relevant Allocated Share during a restriction period.
- 16.2 In addition, the Board may at any time request that the Company's share registry impose a holding lock on any Employee Incentives issued pursuant to the Plan where the Board determines or reasonably believes (in its absolute discretion) that a Participant (or a Former Participant) has or may breach the Plan rules.
- 17. Transfer of Options or Performance Rights**
- 17.1 Options and Performance Rights terms may impose partial or complete restrictions on them being assigned, transferred or encumbered with a security interest in or over them.
- 18. Buy-Back**
- 18.1 Subject to any applicable laws and subject to the Board's sole and absolute discretion, Allocated Share(s) will be subject to the Company's right to buy-back and may, during a prescribed period, be bought-back by the Company where item 12.1 above applies.
- 19. Contravention of Plan rules**
- 19.1 The Board may at any time, in its sole and absolute discretion, take any action it deems reasonably necessary in relation to any Employee Incentives if it determines or reasonably believes a Participant has breached the Plan or the terms of issue of any Employee Incentives, including but not limited to, signing transfer forms in relation to Employee Incentives, signing all documents and doing all acts necessary to effect a buy-back placing, a holding lock on Employee Incentives, accounting for the proceeds of the sale of forfeited Employee Incentives, refusing to transfer any Employee Incentives and/or refusing to issue any Shares.
- 20. Amendments**
- 20.1 The Board may at any time amend the Plan rules or the terms and conditions upon which any Employee Incentives have been issued.
- 20.2 No amendment to the Plan rules or to Employee Incentives may be made if the amendment, in the reasonable opinion of the Board, materially reduces the rights of any Participant in

respect of Employee Incentives granted to them prior to the date of the amendment, other than:

- (a) an amendment introduced primarily:
 - (i) for the purposes of complying with or conforming to present or future applicable laws;
 - (ii) to correct any manifest error or mistake;
 - (iii) to allow the implementation of a trust arrangement in relation to the holding of Shares granted under the Plan; and/or
 - (iv) to take into consideration possible adverse taxation implications in respect of the Plan including changes to applicable taxation legislation or the interpretation of that legislation by a court of competent jurisdiction or any rulings from taxation or duty authorities administering such legislation; or
- (b) an amendment agreed to in writing by the Participant(s).

A copy of the complete rules of the Employee Incentive Plan is available upon request by contacting the Company Secretary.