

GULLEWA LIMITED

ACN 007 547 480

Notice of Annual General Meeting and Explanatory Memorandum

Date of Meeting

Wednesday, 30 November 2022

Time of Meeting

10am EDST

Place of Meeting

Gullewa Limited
Suite 1 Level 2
49-51 York Street
SYDNEY NSW 2000

This Notice of Annual General Meeting and Explanatory Memorandum 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 without delay.

GULLEWA LIMITED

ACN 007 547 480

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given of the Annual General Meeting of Gullewa Limited ("**Company**" or "**Gullewa**") to be held at the Offices of Gullewa Limited, Suite 1 Level 2, 49-51 York Street, Sydney NSW 2000 on Wednesday, 30 November 2022 at 10am EDST, for the purpose of transacting the following business referred to in this Notice of Annual General Meeting.

An Explanatory Memorandum containing information in relation to the following Resolutions accompanies and forms part of this Notice of Annual General Meeting.

AGENDA

Accounts and Reports

To receive and consider the annual financial report of the Company for the year ended 30 June 2022 and accompanying reports of the Directors and auditor of the Company.

Resolution 1 – Adoption of Remuneration Report

To consider and put to a non-binding vote the following resolution as an **ordinary resolution**:

"That the Remuneration Report required by section 300A of the Corporations Act, as disclosed in the report of the Directors for the year ended 30 June 2022, be adopted."

Note: The vote on this Resolution is advisory only and does not bind the Directors or the Company.

Voting Prohibition Statement

A vote on this Resolution must not be cast (in any capacity) 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 a member.

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

- (c) the Voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the Resolution; or
- (d) the Voter is the Chair and the appointment of the Chair as proxy:
 - (i) does not specify the way the proxy is to vote on this Resolution; and
 - (ii) expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company, or if the Company is part of a consolidated entity, for the entity.

Resolution 2 – Re-election of Mr David Deitz as a Director

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

"That Mr David Deitz who retires in accordance with the Constitution and who offers himself for re-election and is eligible for re-election, be re-elected as a Director."

Resolution 3 – Election of Mr Kevin Howland-Rose as a Director

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

"That Mr Kevin Howland-Rose who was appointed to fill a casual vacancy and as such holds office until this Annual General Meeting, and who offers himself for election and is eligible for election, be elected as a Director."

Resolution 4 – Replacement of Constitution

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

"That, for the purposes of section 136(2) of the Corporations Act and for all other purposes, approval is given for the Company to repeal its existing Constitution and adopt a new constitution in its place in the form as signed by the Chair for identification purposes."

Resolution 5 – Approval of Gullewa Limited Securities Incentive Plan (2022)

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

"That, under and for the purpose of ASX Listing Rule 7.2 (Exception 13) as an exception to ASX Listing Rule 7.1 and for all other purposes, approval is given to adopt the Company's Securities Incentive Plan (2022) and to issue securities under that plan, and to issue Shares pursuant to those securities, from time to time upon the terms and conditions summarised in the Explanatory Memorandum."

Voting Exclusion Statement

The Company will disregard any votes cast in favour of this Resolution by a person who is eligible to participate in the employee incentive scheme or an associate of such a person. However, this does not apply to a vote cast in favour of this Resolution by:

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

Voting Prohibition Statement

A 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 a member.

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

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

Resolution 6 – Approval of Potential Termination Benefits Under Gullewa Limited Securities Incentive Plan (2022)

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

“That, for the purpose of sections 200B and 200E of the Corporations Act and for all other purposes, approval is given for the giving of termination benefits under the Company’s Securities Incentive Plan by the Company to a person or their associates in connection with that person ceasing to hold a managerial or executive office in the Company or a related body corporate of the Company, as detailed in the Explanatory Memorandum.”

Voting Prohibition Statement

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 a member.

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

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

Resolution 7 – Approval of Issue of Options to Mr Anthony Howland-Rose, Director

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

"That under and for the purposes of Listing Rule 10.11 and for all other purposes, approval is given for the issue of up to 4,000,000 Options to Mr Anthony Howland-Rose (who is a Director) and/or his nominee(s) on the terms and conditions and in the manner described in the Explanatory Memorandum."

Voting Exclusion Statement

The Company will disregard any votes cast in favour of the Resolution by Mr Anthony Howland-Rose and/or his nominee(s), and any other person who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company), or an associate of that person or those persons.

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

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

Voting Prohibition Statement:

A 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 a member.

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

- (c) the Voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the Resolution; or
- (d) the Voter is the Chair and the appointment of the Chair as proxy:
 - (i) does not specify the way the proxy is to vote on this Resolution; and
 - (ii) expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company, or if the Company is part of a consolidated entity, for the entity.

Resolution 8 – Approval of Issue of Options to Mr David Deitz, Director

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

"That under and for the purposes of Listing Rule 10.11 and for all other purposes, approval is given for the issue of up to 6,000,000 Options to Mr David Deitz (who is a Director) and/or his nominee(s) on the terms and conditions and in the manner described in the Explanatory Memorandum."

Voting Exclusion Statement

The Company will disregard any votes cast in favour of the Resolution by Mr David Deitz and/or his nominee(s), and any other person who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company), or an associate of that person or those persons.

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

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

Voting Prohibition Statement:

A 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 a member.

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

- (c) the Voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the Resolution; or
- (d) the Voter is the Chair and the appointment of the Chair as proxy:
 - (i) does not specify the way the proxy is to vote on this Resolution; and
 - (ii) expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company, or if the Company is part of a consolidated entity, for the entity.

Resolution 9 – Approval of Issue of Options to Mr Kevin Howland-Rose, Director

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

"That under and for the purposes of Listing Rule 10.11 and for all other purposes, approval is given for the issue of up to 100,000 Options to Mr Kevin Howland-Rose (who is a Director) and/or his nominee(s) on the terms and conditions and in the manner described in the Explanatory Memorandum."

Voting Exclusion Statement

The Company will disregard any votes cast in favour of the Resolution by Mr Kevin Howland-Rose and/or his nominee(s), and any other person who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company), or an associate of that person or those persons.

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

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

Voting Prohibition Statement:

A 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 a member.

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

- (c) the Voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the Resolution; or
- (d) the Voter is the Chair and the appointment of the Chair as proxy:
 - (i) does not specify the way the proxy is to vote on this Resolution; and
 - (ii) expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company, or if the Company is part of a consolidated entity, for the entity.

OTHER BUSINESS

To deal with any other business which may be lawfully brought forward.

By Order of the Board of Directors

David Deitz

Director

Dated 26 October 2022

PROXIES

- Votes at the Annual General Meeting may be given personally or by proxy, attorney or representative.
- A Shareholder who is entitled to attend and vote at the Meeting has a right to appoint a proxy to attend and vote instead of the Shareholder. A proxy need not be (but may be) a Shareholder and can be either an individual or a body corporate. If a Shareholder appoints a body corporate as a proxy that body corporate will need to ensure that it:
 - appoints an individual as its corporate representative to exercise its powers at the Meeting, in accordance with section 250D of the Corporations Act; and
 - provides the Company with satisfactory evidence of the appointment of its corporate representative prior to commencement of the Meeting.
- If such evidence is not received before the Meeting, then the body corporate (through its representative) will not be permitted to act as proxy.
- Proxies given by corporate Shareholders must be executed in accordance with their constitutions, or signed by a duly authorised attorney. A proxy may decide whether to vote on any motion, except where the proxy is required by law or the Constitution to vote, or abstain from voting, in their capacity as proxy.
- A Shareholder entitled to cast 2 or more votes at the Meeting may appoint not more than two proxies to attend and vote at this Meeting. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the Shareholder's voting rights. If no proportion or number is specified, each proxy may exercise half of the Shareholder's votes. Fractions will be disregarded.
- A proxy may, but need not be, a Shareholder.
- The instrument appointing the proxy must be in writing, executed by the appointor or his attorney duly authorised in writing or, if such appointor is a corporation, either under seal or under hand of an officer(s) or his attorney duly authorised.
- The instrument of proxy (and the power of attorney or other authority, if any, under which it is signed or certified copy of the same) must be lodged by person, post, courier or facsimile and reach the Registered Office of the Company at least 48 hours prior to the Meeting.
- Proxies appointing the Chair which do not specify the way in which the proxy is to vote on a particular Resolution will be recorded as voting in favour of the Resolutions (subject to the other provisions of these notes on Proxies and any required voting exclusions including those in the Notice) as this is the Chair's voting intention. If the Chair is your nominated proxy, or may be appointed by default, and you have not directed your proxy how to vote by ticking either the 'for', 'against' or 'abstain' box in relation to Resolutions 1, 5, 6, 7, 8 and 9, you will be authorising the Chair to vote in accordance with the Chair's voting intentions on Resolutions 1, 5, 6, 7, 8 and 9 even if Resolutions 1, 5, 6, 7, 8 and 9 are connected directly or indirectly with the remuneration of the Chair and other Key Management Personnel.
- The Chair intends to vote all available proxies in favour of all Resolutions including Resolutions 1, 5, 6, 7, 8 and 9. In exceptional circumstances, the Chair may change their voting intention on any Resolution. In the event this occurs, an ASX announcement will be made immediately disclosing the reasons for the change.
- A proxy form accompanies this Notice and to be effective the proxy form and the power of attorney or other authority (if any) under which it is signed (or a certified copy) must be received by the Company no later than 48 hours before the commencement of the Meeting, at:
 - the Company's registered office, Suite 1 Level 2, 49 – 51 York Street, Sydney, New South Wales 2000; or
 - by post to Gullewa Limited, Suite 1 Level 2, 49 – 51 York Street, Sydney, New South Wales 2000.

Any proxy form received after that time will not be valid for the Meeting.

The **enclosed** proxy form provides further details on appointing proxies and lodging proxy forms.

Corporations

A corporation may elect to appoint a representative in accordance with the Corporations Act in which case the Company will require written proof of the representative's appointment which must be lodged with, or presented to the Company before the commencement of the Meeting.

NOTES

For the purpose of regulation 7.11.37 of the Corporations Regulations 2001 (Cth), the Directors have determined that Shares held at the close of business on Monday 28 November 2022 will be taken, for the purposes of the Annual General Meeting, to be held by the persons who held them at that time. The entitlement of Shareholders to vote at the Meeting will be determined by reference to that time.

IMPORTANT INFORMATION FOR SHAREHOLDERS

In accordance with the *Corporations Amendment (Meetings & Documents) Act 2022* (Cth), the Company will not dispatch physical copies of the Notice of Annual General Meeting. Instead a copy of the Notice is available to be viewed and/or downloaded on the ASX market announcements platform at <https://www2.asx.com.au/markets/company/gul> and enter 'GUL' at the prompt or on the Company's website at <http://gullewa.com.au>

EXPLANATORY MEMORANDUM

This Explanatory Memorandum is intended to provide Shareholders with sufficient information to assess the merits of the Resolutions contained in the accompanying Notice of Annual General Meeting.

The Directors recommend Shareholders read this Explanatory Memorandum in conjunction with the Notice of Meeting (of which this Explanatory Memorandum forms a part) in full before making any decision in relation to the Resolutions.

ORDINARY BUSINESS

ANNUAL REPORT

As required under section 317 of the Corporations Act, the Annual Report (which includes the financial report, Directors' report and auditor's report) will be laid before the Annual General Meeting.

Shareholders at the Meeting will be given a reasonable opportunity to ask questions and make comments about the Annual Report or the Company generally, but there will be no formal resolution submitted to the Meeting.

Reasonable opportunity will also be given to Shareholders at the Meeting to ask the Company's auditor questions relevant to the conduct of the audit, the preparation and content of the auditor's report, the accounting policies adopted by the Company in relation to the preparation of the financial statements and the independence of the auditor in relation to the conduct of the audit.

RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT (Non-binding vote)

Requirements of Corporations Act

Section 298 of the Corporations Act requires that the annual Directors' Report contain a Remuneration Report prepared in accordance with section 300A of the Corporations Act.

By way of summary, the Remuneration Report:

- (a) discusses the Company's policy and the process for determining the remuneration of its executive officers (there are no executives other than the Directors); and

- (b) sets out remuneration details for each Director named in the Remuneration Report for the financial year ended 30 June 2022.

Section 250R(2) of the Corporations Act requires companies to put a resolution to their members that the Remuneration Report be adopted. Pursuant to section 250R(3) of the Corporations Act, the vote on this resolution is advisory only and does not bind the Board or the Company.

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

Voting consequences

Under changes to the Corporations Act that came into effect on 1 July 2011, if at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report in two consecutive annual general meetings, a company will be required to put to its shareholders a resolution proposing the calling of a general meeting to consider the appointment of directors of the company (**Spill Resolution**) at the second annual general meeting.

If more than 50% of shareholders vote in favour of the Spill Resolution, the company must convene the general meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the directors of the company who were in office when the directors' report (as included in the company's annual financial report for the financial year ended immediately before the second annual general meeting) was approved, other than the managing director of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for election or re-election at the Spill Meeting. Following the Spill Meeting those persons whose election or re-election as directors is approved will be the directors of the company.

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

Directors' Recommendation

The Board unanimously recommends that Shareholders adopt the Remuneration Report.

RESOLUTION 2 – RE-ELECTION OF MR DAVID DEITZ AS A DIRECTOR

Resolution 2 seeks approval for the re-election of Mr David Deitz as a Director with effect from the end of the Meeting.

The Constitution provides that at each annual general meeting of the Company one-third of the Directors or, if their number is not a multiple of three, then such number as is appropriate to ensure that no Director holds office for more than 3 years, shall retire from office.

Mr Deitz retires from office in accordance with this requirement, being eligible, and submits himself for re-election. His profile is contained in the Annual Report.

Directors' Recommendation

The Directors (other than Mr David Deitz) recommend the re-election of Mr David Deitz.

RESOLUTION 3 –ELECTION OF MR KEVIN HOWLAND-ROSE AS A DIRECTOR

Resolution 3 seeks approval for the election of Mr Kevin Howland-Rose as a Director with effect from the end of the Meeting.

The Constitution provides that any director appointed by the Board to fill a casual vacancy amongst its numbers holds office until the next following annual general meeting. Mr Kevin Howland-Rose was appointed by the Board on 26 July 2022.

Mr Kevin Howland-Rose retires in accordance with this requirement and, being eligible, and submits himself for election. His profile is contained in the Annual Report.

Directors' Recommendation

The Directors (other than Mr Kevin Howland-Rose) recommend the election of Mr Kevin Howland-Rose.

Resolution 4 – Replacement of Constitution

General

A company may modify or repeal its constitution or a provision of its constitution by special resolution of shareholders. Resolution 4 is a special resolution which will enable the Company to repeal its existing Constitution and adopt a new constitution (**Proposed Constitution**) which is of the type required for a listed public company limited by shares updated to ensure it reflects the current provisions of the Corporations Act and Listing Rules. This will incorporate amendments to the Corporations Act and Listing Rules since the current Constitution was adopted in 1999.

The Directors believe that it is preferable in the circumstances to replace the existing Constitution with the Proposed Constitution rather than to amend a multitude of specific provisions.

The Proposed Constitution is broadly consistent with the provisions of the existing Constitution. Many of the proposed changes are administrative or minor in nature. The Directors believe these amendments are not material nor will they have any significant impact on Shareholders. It is not practicable to list all of the changes to the Constitution in detail in this Explanatory Memorandum, however, a summary of the proposed material changes is set out below.

A copy of the Proposed Constitution is available for review by Shareholders at the office of the Company. A copy of the Proposed Constitution can also be sent to Shareholders upon request to the Company Secretary (+61 2 9397 7555). Shareholders are invited to contact the Company if they have any queries or concerns.

Summary of material proposed changes

Restricted Securities (clause 2.12)

The Proposed Constitution complies with the recent changes to Listing Rule 15.12 which took effect from 1 December 2019. As a result of these changes, ASX will require certain more significant holders of restricted securities and their controllers (such as related parties, promoters, substantial holders, service providers and their associates) to execute a formal escrow agreement in the form Appendix 9A, as is currently the case. However, for less significant holdings (such as non-related parties and non-promoters), ASX will permit the Company to issue restriction notices to holders of restricted securities in the form of the new Appendix 9C advising them of the restriction rather than requiring signed restriction agreements.

Minimum Shareholding (clause 3)

Clause 3 of the Proposed Constitution outlines how the Company can manage shareholdings which represent an “unmarketable parcel” of shares, being a shareholding that is less than \$500 based on the closing price of the Company’s Shares on ASX as at the relevant time. The Proposed Constitution is in line with the requirements for dealing with “unmarketable parcels” outlined in the Corporations Act such that where the Company elects to undertake a sale of

unmarketable parcels, the Company is only required to give one notice to holders of an unmarketable parcel to elect to retain their shareholding before the unmarketable parcel can be dealt with by the Company, saving time and administrative costs incurred by otherwise having to send out additional notices.

Fee for registration of off market transfers (clause 8.4(c))

On 24 January 2011, ASX amended Listing Rule 8.14 with the effect that the Company may now charge a “reasonable fee” for registering paper-based transfers, also known as “off-market transfers”. Clause 8.4 of the Proposed Constitution would enable the Company to charge a reasonable fee when registering off-market transfers from Shareholders. The fee is intended to represent the cost incurred by the Company in upgrading its fraud detection practices specific to off-market transfers. Before charging any fee, the Company would be required to notify ASX of the fee proposed to be charged and provide sufficient information so as to enable ASX to assess the reasonableness of the proposed fee.

Direct Voting (clauses 13.35 – 13.40)

The Proposed Constitution includes a new provision which allows Shareholders to exercise their voting rights through direct voting (in addition to exercising their existing rights to appoint a proxy). Direct voting is a mechanism by which Shareholders can vote directly on resolutions which are to be determined by poll. Votes cast by direct vote by a Shareholder are taken to have been cast on the poll as if the Shareholder had cast the votes on the poll at the meeting. In order for direct voting to be available, Directors must elect that votes can be cast via direct vote for all or any resolutions and determine the manner appropriate for the casting of direct votes. If such a determination is made by the Directors, the notice of meeting will include information on the application of direct voting.

Dividends (clause 23)

Section 254T of the Corporations Act was amended effective 28 June 2010. There is now a three-tiered test that a company will need to satisfy before paying a dividend replacing the previous test that dividends may only be paid out of profits.

The amended requirements provide that a company must not pay a dividend unless:

- (a) the company’s assets exceed its liabilities immediately before the dividend is declared and the excess is sufficient for the payment of the dividend;
- (b) the payment of the dividend is fair and reasonable to the company’s shareholders as a whole; and
- (c) the payment of the dividend does not materially prejudice the company’s ability to pay its creditors.

The existing Constitution reflects the former profits test and restricts the dividends to be paid only out of the profits of the Company. The Proposed Constitution is updated to reflect the new requirements of the Corporations Act. The Directors consider it appropriate to update the Constitution for this amendment to allow more flexibility in the payment of dividends in the future should the Company be in a position to pay dividends.

Partial (proportional) takeover provisions (clause 37)

A proportional takeover bid is a takeover bid where the offer made to each shareholder is only for a proportion of that shareholder’s shares. Pursuant to section 648G of the Corporations Act, the Company has included in the Proposed Constitution a provision whereby a proportional takeover bid for Shares may only proceed after the bid has been approved by a meeting of Shareholders held in accordance with the terms set out in the Corporations Act. This clause of the Proposed Constitution will cease to have effect on the third anniversary of the date of the adoption of last renewal of the clause.

Information required by section 648G of the Corporations Act

- (a) Effect of proposed proportional takeover provisions

Where offers have been made under a proportional off-market bid in respect of a class of securities in a company, the registration of a transfer giving effect to a contract resulting from the acceptance of an offer made under such a proportional off-market bid is prohibited unless and until a resolution to approve the proportional off-market bid is passed.

(b) Reasons for proportional takeover provisions

A proportional takeover bid may result in control of the Company changing without Shareholders having the opportunity to dispose of all their Shares. By making a partial bid, a bidder can obtain practical control of the Company by acquiring less than a majority interest. Shareholders are exposed to the risk of being left as a minority in the Company and the risk of the bidder being able to acquire control of the Company without payment of an adequate control premium. These amended provisions allow Shareholders to decide whether a proportional takeover bid is acceptable in principle, and assist in ensuring that any partial bid is appropriately priced.

(c) Knowledge of any acquisition proposals

As at the date of this Notice of Meeting, no Director is aware of any proposal by any person to acquire, or to increase the extent of, a substantial interest in the Company.

(d) Potential advantages and disadvantages of proportional takeover provisions

The Directors consider that the proportional takeover provisions have no potential advantages or disadvantages for them and that they remain free to make a recommendation on whether an offer under a proportional takeover bid should be accepted.

The potential advantages of the proportional takeover provisions for Shareholders include:

- (i) the right to decide by majority vote whether an offer under a proportional takeover bid should proceed;
- (ii) assisting in preventing Shareholders from being locked in as a minority;
- (iii) increasing the bargaining power of Shareholders which may assist in ensuring that any proportional takeover bid is adequately priced; and
- (iv) each individual Shareholder may better assess the likely outcome of the proportional takeover bid by knowing the view of the majority of Shareholders which may assist in deciding whether to accept or reject an offer under the takeover bid.

The potential disadvantages of the proportional takeover provisions for Shareholders include:

- (i) proportional takeover bids may be discouraged;
- (ii) lost opportunity to sell a portion of their Shares at a premium; and
- (iii) the likelihood of a proportional takeover bid succeeding may be reduced.

The Directors do not believe that the potential disadvantages of adopting the proportional takeover provisions contained in the Proposed Constitution outweigh the potential advantages of doing so, and as a result consider that the proportional takeover provisions in the Proposed Constitution are in the interests of Shareholders.

Issue Cap – ESS Interests (clause 39)

As also detailed below, the *Treasury Laws Amendment (Cost of Living Support and Other Measures) Act 2022* (Cth) (**ESS Act**), which received royal assent on 31 March 2022, introduces a new Division 1A into Part 7.12 of the Corporations Act. The ESS Act, which takes effect from 1 October 2022, will significantly decrease red tape for companies and registered incentive plans/schemes looking to attract, retain or reward employees through offers to participate in an employee share scheme (**ESS**). Specifically, the ESS Act makes it easier for companies and registered incentive plans/schemes to access 'regulatory relief' from the Corporations Act's securities disclosure, licensing, advertising, anti-hawking and on-sale regulatory requirements which would otherwise apply when making offers of interests under an ESS.

Schedule 4 of the ESS Act regulates an offer of options, shares, rights and other incentives to employees, contractors or directors as part of an ESS made on or after 1 October 2022. One of the effects of the ESS Act is that any such offer must comply with the issue cap under 1100V of the Corporations Act.

An offer complies with the issue cap if the sum of the two below numbers does not exceed the specified percentage of interests actually issued by a listed company:

- the number of interests that may be issued, directly or indirectly, as a result of the offer; and
- the number of interests that have been issued, or could be issued as a result of previous offers, in connection with an employee share scheme made during the previous three years.

The specified percentage is 5% for listed companies unless otherwise specified by the regulations or the company's constitution. Clause 39 in the Proposed Constitution specifies a percentage for the purposes of the issue cap under 1100V of the Corporations Act, being an issue cap of 20%.

The Directors believe the inclusion of clause 39 in the Proposed Constitution will align to the main purpose of the Incentive Plan the subject of Resolutions 5 and 6, which is to give an additional reward to Directors, employees and consultants of the Company to provide dedicated and ongoing commitment and effort to the Company, and for the Company to reward its Directors, employees and consultants for their efforts. The Incentive Plan is designed to increase the motivation of personnel and create a stronger link between increasing Shareholder value and personnel reward.

Directors' Recommendation

The Directors recommend that Shareholders vote in favour of Resolution 4.

RESOLUTION 5 - APPROVAL OF GULLEWA LIMITED SECURITIES INCENTIVE PLAN (2022) AND RESOLUTION 6 - APPROVAL OF POTENTIAL TERMINATION BENEFITS UNDER THE GULLEWA LIMITED SECURITIES INCENTIVE PLAN (2022)

Background to Resolution 5

Resolution 5 seeks Shareholder approval for the new Gullewa Limited Securities Incentive Plan (2022) (**Incentive Plan or Plan**). A summary of the key terms and conditions is set out in **Annexure A** to this Notice.

Listing Rule 7.1 places certain restrictions on the extent to which a listed company may issue certain equity securities, including options. The effect is that shareholder approval is required before the company may issue equity securities representing more than 15% of the capital of the company within a 12 month period. However, certain issues are exempt from the restrictions of Listing Rule 7.1 and are effectively disregarded for the purposes of determining the number of securities which a company may issue within a 12 month period. Exempt issues include an issue of securities to persons participating in an employee incentive scheme where shareholders have approved the issue of securities under the scheme as an exemption from Listing Rule 7.1. Shareholder approval must be given in a general meeting held not more than 3 years before the date of issue when the notice of meeting contains or is accompanied by certain prescribed information (set out below) (Exception 13 of Listing Rule 7.2).

In order to take advantage of the exemption from Listing Rule 7.1 and allow the Company flexibility to issue securities, Shareholders are requested to approve the issue of securities under the Incentive Plan (**Plan Securities**) as an exemption from Listing Rule 7.1. This approval will be effective for a period of three (3) years from the date of the Resolution. It should be noted that Resolution 5 does not approve the issue of any Plan Securities to any Director, employee or consultant of the Company. Plan Securities cannot be granted to Directors or any of their associates unless prior approval of Shareholders is obtained in accordance with the Listing Rules.

Other Information

The *Treasury Laws Amendment (Cost of Living Support and Other Measures) Act 2022* (Cth) (the **ESS Act**), which received royal assent on 31 March 2022, introduces a new Division 1A into Part 7.12 of the Corporations Act. The ESS Act, which took effect

from 1 October 2022, is anticipated to significantly decrease red tape for companies and registered incentive plans/schemes looking to attract, retain or reward employees through offers to participate in an employee share scheme (**ESS**). Specifically, the ESS Act makes it easier for companies and registered incentive plans/schemes to access 'regulatory relief' from the Corporations Act's securities disclosure, licensing, advertising, anti-hawking and on-sale regulatory requirements which would otherwise apply when making offers of interests under an ESS.

To avoid the application of the *Corporations Act (Disclosure Requirements)* entities have relied largely on the regulatory relief provided by the ASIC Class Orders regime, namely [CO 14/1000] Employee incentive schemes: Listed bodies and ASIC Class Order [CO 14/1001] Employee incentive schemes: Unlisted bodies (**Class Orders**).

The ESS Act will replace the Class Orders and will provide very similar regulatory relief as the Class Orders.

In addition to the Class Orders, there are also two specific exemptions from the Disclosure Requirements set out in the Corporations Act. These exemptions apply to offers made to 'senior managers' and small-scale offerings (<20 acceptances and <AU\$2 million raised in any one year). These exemptions (which by themselves offer relief in very limited circumstances) will remain in force, and will exist alongside the new ESS Act.

It should also be noted that the definition of eligible participants, who can receive offers under an incentive plan/scheme, has been substantially broadened to include all classes of employees, directors, spouse and associates, consultants, contractors etc.

The new Gullewa Limited Securities Incentive Plan (2022) reflects the incorporation of the ESS Act.

The main purpose of the Incentive Plan is to give an additional reward to Directors, employees and consultants of the Company to provide dedicated and ongoing commitment and effort to the Company, and for the Company to reward its Directors, employees and consultants for their efforts. The Incentive Plan is designed to increase the motivation of personnel and create a stronger link between increasing Shareholder value and personnel reward.

If convertible securities issued under the Incentive Plan are exercised, it will have the effect of increasing the Company's cash position by the amount of the exercise price multiplied by the number of Incentive Plan convertible securities exercised. It will also increase the number of Shares that are on issue by the number of Incentive Plan convertible securities exercised.

Shares issued pursuant to the exercise of Incentive Plan convertible Securities will rank *pari passu* in all respects with the Company's existing Shares.

The Board believes that the Incentive Plan will:

- enable the Company to recruit and retain the talented people needed to achieve the Company's business objectives;
- link the rewards of key personnel with the achievements of strategic goals and the performance of the Company;
- align the financial interest of participants in the Incentive Plan with those of shareholders of the Company; and
- provide reward to participants in the Incentive Plan to focus on superior performance that creates shareholder value.

The purpose of Resolution 5 is to consider and approve the adoption of the Incentive Plan in accordance with ASX Listing Rule 7.2, Exception 13(b). If Resolution 5 is passed and the Incentive Plan is approved by Shareholders, any securities issued to eligible participants under the Incentive Plan in the course of the next three years will be excluded from the Company's 15% limit for the purpose of ASX Listing Rule 7.1 (subject to the maximum number of securities to be issued under the Incentive Plan as set out below).

If Shareholder approval is not obtained and Resolution 5 is not passed, the Company will be able to proceed with issues of Securities under the Incentive Plan (again, subject to the maximum number of Securities to be issued under the Incentive Plan set out below) to eligible participants, but any issue of Securities will be counted as part of the Company's 15% annual placement capacity, as detailed in ASX Listing Rule 7.1, and will reduce to that extent, the Company's capacity to issue Securities without Shareholder approval under ASX Listing Rule 7.1 for the 12-month period following the issue of the Securities.

ASX Listing Rule 7.2 (Exception 13(b)) Disclosure Requirements

In accordance with Listing Rule 7.2 (Exception 13(b)), the following information is disclosed to Shareholders for the purposes of Resolution 5:

- (a) A summary of the terms and conditions of the Incentive Plan is set out in **Annexure A** to this Notice of Meeting.
- (b) A voting exclusion statement is included in the Notice.
- (c) No offers have been made under any previous incentive plan of the Company as at the date of this Notice.
- (d) No Equity Securities will have been issued under the Incentive Plan as at the date of the Meeting.
- (e) The maximum number of Equity Securities proposed to be issued under the Plan as at the date of this Notice is 38,074,620. The Board will make determinations from time to time during the currency of the Incentive Plan as to whether Plan Securities should be issued up to this maximum number under it at their discretion and subject to any approvals that may be required under the ASX Listing Rules.

Directors' Recommendation for Resolution 5

As the Directors may have a personal interest in Resolution 5, the Directors make no recommendation as to how Shareholders should vote on this resolution.

Section 200B of the Corporations Act

The Corporations Act restricts the benefits which can be given to certain persons (those who hold a managerial or executive office, as defined in the Corporations Act) on leaving their employment or office with the Company or any of its related bodies corporate. Under section 200B of the Corporations Act, a company may only give a person a benefit in connection with their ceasing to hold a managerial or executive office in the company or its related bodies corporate if it is approved by shareholders or an exemption applies. This applies to all Directors and to all key management personnel of the Company (that is, to all persons whose remuneration is required to be disclosed in the Remuneration Report), including those who are not Directors. Additionally, persons subject to the restrictions remain subject to them for at least three years after they cease to hold a managerial or executive office.

Under the terms and conditions of the proposed Incentive Plan (the subject of Resolution 5), circumstances in which the early vesting of convertible Plan Securities are permitted at the Board's discretion include termination of a participant's employment, engagement or office with the Company due to death, permanent incapacity, mental incapacity, redundancy, resignation, retirement or any other reason the Board decides, or in other circumstances where the Board exercises its discretion to allow early vesting as well as change of control events. The termination "benefit" under section 200B of the Corporations Act has a wide operation and relevantly includes, in the context of Resolution 6, the early vesting of Plan Securities upon the exercise of the Board's discretion or the Board determining to provide that the participant's Plan Securities do not lapse but will continue and be vested in the ordinary course.

Resolution 6 seeks approval of any "termination benefit" that may be provided to a participant under the terms and conditions of Plan Securities that might be issued in the future to persons who from, time to time, hold a managerial or executive office (as defined in the Corporations Act) in the Company, to the extent permitted by law. The Company will obtain any Shareholder or other approvals that may be required before any Plan Securities are granted to Directors or associates of the Company.

Resolution 6 is conditional upon the passing of Resolution 5 (which seeks Shareholder approval of the Incentive Plan). In the event that Resolution 5 is not passed, Resolution 6 will be withdrawn and will not be put to Shareholders.

Specifically, Shareholder approval is being sought to give the Board (or the Board's delegate) the capacity to exercise certain discretions under the terms and conditions of Plan Securities to be issued in the future to persons who hold a managerial or executive office (as defined in the Corporations Act) in the Company to the extent permitted by law (under Resolution 5), including the discretion to determine to vest some or all of the unvested Plan Securities of any such person.

The Company is seeking approval to assist the Company in meeting its existing obligations to the Directors and employees of the group, and to provide the Company with the flexibility to continue to remunerate employees fairly and responsibly.

If the relevant Shareholder approvals are obtained under Resolutions 5 and 6, and the Board exercises its discretion to vest some or all of an affected participant's unvested Plan Securities, (or to provide that the participant's Plan Securities do not lapse but will continue and be vested in the ordinary course), the value of these benefits will be disregarded when calculating the relevant participant's statutory cap for the purposes of section 200F(2)(b) or section 200G(1)(c) of the Corporations Act.

The Company will comply with the requirements of ASX Listing Rule 10.19 in the event that an officer of the Company or any of its subsidiaries is entitled to termination benefits exceeding 5% of the Company's equity interests.

A summary of the key terms and conditions of the Incentive Plan is contained in **Annexure A** to this Notice of Meeting.

Section 200E of the Corporations Act

Section 200E of the Corporations Act requires certain information to be provided to shareholders in approving a termination benefit. Whilst the value of the proposed termination benefits cannot currently be ascertained, the manner in which the value of the proposed termination benefits is calculated, and the matters, events and circumstances that will, or are likely to, affect the calculation of the value are as follows:

(a) Details of the termination benefits

The terms and conditions of any Plan Securities to be issued in the future may contain provisions dealing with the early vesting of unvested Plan Securities in certain circumstances. For example, where the holder's office with the Company is terminated before the Plan Securities have vested, the Plan Securities may vest in the Board's discretion and the basis on which vesting may occur (which may include, without limitation, timing and conditions). Similarly, if a "change of control" occurs, the Board may determine that some or all of a participant's unvested Plan Securities will vest. The Board may also determine to provide that the participant's Plan Securities do not lapse but will continue and be vested in the ordinary course. The exercise of these and other discretions in the Incentive Plan will constitute a "benefit" for the purposes of the Corporations Act's termination benefits provisions.

Shareholder approval is sought for future issues of Plan Securities under Resolution 6, to the extent permitted by law, for exercise of these and other discretions in the Incentive Plan that will constitute a benefit for the purposes of the Corporations Act's termination benefits provisions. The Company will obtain any required Shareholder or other approvals before issuing Plan Securities to Directors or associates of the Company. The exercise of these discretions will constitute a "benefit" for the purposes of the Corporations Act's termination benefits provisions.

(b) Value of the termination benefits

The value of the termination benefits under the proposed terms and conditions of the Plan Securities cannot be determined in advance as various matters will, or are likely to affect that value. Specifically, if any Plan Securities are issued in the future, the value of a particular benefit will depend on the Company's Share price at the time of vesting and the number of Plan Securities that vest or the Board decides to vest. Some of the future factors that may affect the value of the termination benefits are as follows:

- (i) the holder's length of service and the proportion of any relevant performance periods that have expired at the time their office is terminated;
- (ii) the holder's total fixed remuneration at the time the Plan Securities are issued and at the time they leave employment; and
- (iii) the number of unvested Plan Securities held at the time their office is terminated; and
- (iv) the reasons for termination of their office.

Despite an approval by Shareholders of Resolution 5 and Resolution 6, any future grant of Plan Securities to a Director or his or her associates will remain subject to the Company obtaining any required Shareholder or other approval for their issue.

Directors' Recommendation for Resolution 6

As the Directors may have a personal interest in Resolution 6 the Directors make no recommendation as to how Shareholders should vote on this resolution.

RESOLUTIONS 7, 8 AND 9 - APPROVAL OF ISSUE OF OPTIONS TO DIRECTORS

Background

Resolutions 7, 8 and 9 seek Shareholder approval for the issue of a total of 10,100,000 Options to Messrs Anthony Howland-Rose, David Deitz and Kevin Howland-Rose who are Directors, and/or their nominee(s), as follows:

Name	Number of Options
Mr Anthony Howland-Rose and/or his nominee(s) (Resolution 7)	4,000,000
Mr David Deitz and/or his nominee(s) (Resolution 8)	6,000,000
Mr Kevin Howland-Rose and/or his nominee(s) (Resolution 9)	100,000

The terms of the Options are set out in **Annexure B** to this Explanatory Memorandum. The exercise price of the Options will be the price that is 20% above the VWAP for the last 90 days traded up to and including the day preceding the date of the Meeting. However, since the actual Share price is not known, for the purposes of the valuation, the Options have been valued as though granted on 25 October 2022. The Options have been valued using market data current at that time. Accordingly the actual exercise price (and also the value of the Options as at the date of issue) could vary having regard to the fluctuations in the market price of the Shares between the date of this Notice and the date of the Meeting in which case the valuation of the Options may vary.

The primary purpose of the grant of Options to Messrs A. Howland-Rose, Deitz and K. Howland-Rose is to provide a market linked incentive package in their capacity as Directors and to encourage future performance by them. The Directors believe that the future success of the Company will depend in large measure on the skills and motivation of the people engaged in and overseeing the management of the Company's operations. It is therefore important that the Company is able to attract and retain people of the highest calibre.

The Directors consider that the most appropriate means of achieving this is to reward Directors and employees for their performance, to provide Directors and employees with an opportunity to participate in the Company's future growth and give them an incentive to contribute to that growth. The Board considered the extensive corporate, exploration and property industry experience of Messrs A. Howland-Rose, Deitz and K. Howland-Rose and the current market price of Shares when determining the number and exercise price of the Options to be put before Shareholders for their approval.

The Options will be issued on a single occasion as soon as possible and, in any event, within one month of the date of the Annual General Meeting.

As the Options will be issued for no cash consideration, no cash funds will be raised by the Company from their issue. Any funds received on the exercise of the Options will be used for working capital purposes.

The issue of options as part of the remuneration packages of directors and employees is a well established practice of public listed companies and, in the case of the Company, has the benefit of conserving cash whilst properly rewarding their directors and employees.

The number of Options to be granted to Messrs A. Howland-Rose, Deitz and K. Howland-Rose and their exercise price and expiry date has been determined based upon the Directors' wish to ensure that the remuneration offered is competitive with market standards and where appropriate, based upon performance hurdles.

The Board considers the packages, including the proposed grant of Options, are comparable to other remuneration packages for directors and employees of comparable companies. The exercise of the Options will provide working capital for the Company at no significant cost. Based on the Share price as at 25 October 2022, if all Options proposed to be issued pursuant to Resolutions 7, 8 and 9 are ultimately exercised, an amount of \$808,000 would be raised.

The Board considers the proposed grant of the Options pursuant to Resolutions 7, 8 and 9 to be put before the Shareholders to be reasonable and commercial in light of the circumstances of the Company given its size and stage of development, market practice of other companies in the mineral exploration and development industry and given the necessity to attract and retain the highest calibre of skilled professionals to the Company whilst maintaining the Company's cash reserves. Accounting standards require that granted options be valued and expensed. The Directors do not consider that there are any other opportunity costs to the Company or benefits forgone by the Company in respect of the proposed issue of Options pursuant to Resolutions 7 to 9 inclusive.

Part 2E Corporations Act

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party of the public company unless either:

- the giving of the financial benefit falls within one of the nominated exceptions to the provision; or
- shareholder approval is obtained prior to the giving of the financial benefit and the benefit is given within 15 months after obtaining such approval.

It is the view of the Directors that the proposed grant of Options to Messrs A. Howland-Rose, Deitz and K. Howland-Rose pursuant to Resolutions 7, 8 and 9 respectively falls within the exception under section 211 of the Corporations Act (reasonable remuneration) given the circumstances of the Company and the positions held by Messrs A. Howland-Rose, Deitz and K. Howland-Rose. Accordingly, the Directors have determined not to seek Shareholder approval under section 208 of the Corporations Act for the grant of the Options to Messrs A. Howland-Rose, Deitz and K. Howland-Rose pursuant to Resolutions 7, 8 and 9 respectively.

The Board's view concluded that the totality of Messrs A. Howland-Rose, Deitz and K. Howland-Rose's remuneration packages, including the equity component of the 10,100,000 Options now to be considered for approval by Shareholders, is fair and reasonable in the circumstances of the Company given its size and stage of development, market practice of other comparable companies and given the necessity to attract and retain the highest calibre of skilled professionals to the Company whilst maintaining the Company's cash reserves, and in light of Messrs A. Howland-Rose, Deitz and K. Howland-Rose's experience and knowledge.

For the purposes of Chapter 2E, the Directors are each a related party of the Company.

The following information is provided to Shareholders:

- (a) The related parties to whom the proposed resolution would permit the financial benefit to be given are as follows:

Name	Number of Options
Anthony Howland-Rose and/or his nominee(s)	4,000,000
David Deitz and/or his nominee(s)	6,000,000
Kevin Howland-Rose and/or his nominee(s)	100,000

- (b) The nature of the financial benefit proposed to be given is the grant of the Options for no consideration on the terms and conditions set out in Resolutions 7, 8 and 9 and **Annexure B** to this Explanatory Memorandum.

On the basis of the Option value, as detailed in paragraph (d)(ii) below, the value of the Options proposed to be issued to each of the Directors is as follows:

Name	Role	Value of Options (\$)
Anthony Howland-Rose	Executive Chairman	\$84,800
David Deitz	CEO & Director	\$127,200
Kevin Howland-Rose	Director	\$2,120

- (c) As all Directors and/or their respective nominee(s) are participating in the proposed issue of Options, each of the Directors expresses no opinion and makes no recommendation in respect of the grant of the Options proposed by Resolutions 7, 8 and 9 as they consider that they have a material personal interest in the outcome of these Resolutions.
- (d) Other information (apart from that as set out throughout this Notice of Meeting) that is reasonably required by Shareholders to make a decision whether it is in the interests of the Company to pass Resolutions 7, 8 and 9 that is known to the Company or any of its Directors is as follows:
- (i) The proposed Resolutions 7, 8 and 9 would have the effect of giving power to the Directors to grant up to 10,100,000 Options on the terms and conditions as set out in **Annexure B** to this Explanatory Memorandum and as otherwise mentioned above. The Company presently has 190,903,100 Shares and 42,810,000 Options on issue.
- (ii) The Company has valued the Options using the Black-Scholes Option Pricing Model ("**BSModel**"), which is the most widely used and recognised model for pricing options, and which ASIC has indicated as acceptable. The value of an option calculated by the BSModel is a function of a number of variables and is rounded to the nearest one hundredth of a cent. Their assessment of the value of the Options has been prepared using the following variables:
- the price of the underlying Share is \$0.067 based on the volume weighted average price of the Shares recorded on the stock exchange of the ASX over the last 90 days traded up to and including 24 October 2022;
 - the exercise price is \$0.08 being a 20% premium to the VWAP for the last 90 days traded up to and including 24 October 2022;
 - the Option term is 5 years less seven (7) days;
 - a price volatility factor of 40%; and
 - the average risk free interest rate of 2%, as at 25 October 2022.

In deriving the valuation the BSModel relies upon the following assumptions:

- that the Options are American call options (ie. they can be exercised at any time during the period);
- there are no transaction costs, options and shares are infinitely divisible, and information is available to all without cost;
- short selling is allowed without restriction or penalty;
- the risk free interest rate is known and constant throughout the duration of the option contract;
- the underlying shares do not pay a dividend; and
- share prices behave in a manner consistent with a random walk in continuous time.

Using the abovementioned variables the BSModel indicates the value of each Option to be \$0.021 Any change in the variables applied in the BSModel between the date of the valuation and the date the Options are granted would either increase or decrease their value.

- (iii) The exercise price of the Options will be the price that is 20% above the VWAP for the last 90 days traded up to and including the date preceding the date of the Meeting. However, since the actual Share price is not known, for the purposes of the valuation, the Options have been valued as though granted on 25 October 2022. The Options have been valued using market data current at that time. Accordingly the actual exercise price (and also the value of the Options as at the date of issue) could vary having regard to the fluctuations in the market price of the Shares between the date of this Notice and the date upon which the Options are offered to Messrs A. Howland-Rose, Deitz and K. Howland-Rose following the Meeting in which case the valuation of the Options may vary.
- (iv) If any Options granted as proposed are exercised, the effect would be to dilute the shareholding of existing Shareholders. Based on the securities of the Company on issue as at 25 October 2022, and assuming that no other Options are exercised and no other Shares are issued except Shares issued upon exercise of the Options) the effect of the exercise of the Options will be that the shareholding of existing Shareholders would be diluted by 5.04% . The market price of the Shares during the period of the Options will normally determine whether or not Option holders exercise the Options. At the time any Options are exercised and Shares are issued pursuant to the exercise of the Options, the Shares may be trading on ASX at a price which is higher than the exercise price of the Options. If the Options are exercised at a time at which the Shares are trading on ASX at a price that is higher than the exercise price of the Options, there may be a perceived cost to the Company.

The following table gives details of the highest, lowest and latest price of Shares trading on ASX over the past 12 months ending on 25 October 2022:

Security	Highest Price on 2/11/2021	Lowest Price on 24/6/2022	Latest Price on 25/10/2022
Ordinary Shares	\$0.085	\$0.059	\$0.062

- (v) As at the date of this Notice, the Directors and their associates have relevant interests in securities in the Company as follows:

Name	Shares	Options		
		Number of options	Exercise Price	Expiry Date
Anthony Howland-Rose	39,426,806	6,000,000	\$0.035	28/12/2024
		2,500,000	\$0.0122	14/12/2025
		2,500,000	\$0.10	20/12/2026
David Deitz	45,135,454	3,500,000	\$0.0122	14/12/2025
		8,000,000	\$0.035	28/12/2024
		8,000,000	\$0.028	24/12/2023
		4,000,000	\$0.026	23/12/2022
		4,500,000	\$0.10	20/12/2026
Kevin Howland-Rose	200,000			

- (vi) Based on the Option values set out in paragraph (d)(ii) above the Directors will be receiving the following remuneration for their roles as Directors, plus compulsory superannuation contributions in accordance with the Superannuation Guarantee legislation in the next financial year if Resolutions 7, 8 and 9 are passed:

Name	Role	Cash salary and fees (\$)	Value of Options (\$)	Total Remuneration (p.a) (\$)
Anthony Howland-Rose	Executive Chairman	\$150,000	\$84,800	234,800
David Deitz	CEO & Director	\$250,000	\$127,200	\$377,200
Kevin Howland-Rose [#]	Director	\$38,675	\$2,120	\$40,795

[#] Mr Kevin Howland-Rose was appointed as a Director on 26 July 2022

The Directors receive no other remuneration for their roles as Directors

- (vii) The Directors do not consider that from an economic and commercial point of view, there are any costs or detriments including opportunity costs or taxation consequences for the Company or benefits foregone by the Company in granting the Options pursuant to Resolutions 7, 8 and 9 other than:
- (A) the potential dilution of Shareholding of Shareholders set out in paragraph (d)(iv) above,
 - (B) the possibility that, if the Options are exercised at a time when the market price of Shares is greater than the exercise price of the Options, there will be a detriment insofar as the Company will be required to issue Shares at a price lower than it might otherwise have been able to, with the result that less funds will be raised; and
 - (C) accounting standards require that granted options be valued and expensed.
- (viii) Neither the Directors nor the Company are aware of any other information that would be reasonably required by Shareholders to make a decision in relation to the financial benefits contemplated by the proposed Resolutions 7, 8 and 9, other than as set out throughout this Notice of Meeting.

ASX Listing Rule 10.11

The Company is proposing to issue Options to Directors Messrs A. Howland-Rose, Deitz and K. Howland-Rose pursuant to Resolutions 7, 8 and 9 respectively.

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

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

The issues the subject of Resolutions 7, 8 and 9 fall within ASX Listing Rule 10.11.1 and do not fall within any of the exceptions in ASX Listing Rule 10.12. They therefore require the approval of Shareholders under ASX Listing Rule 10.11.

Resolutions 7, 8 and 9 seek the required Shareholder approval to the issue of Options to Directors Messrs A. Howland-Rose, Deitz and K. Howland-Rose under and for the purposes of ASX Listing Rule 10.11.

If Resolutions 7, 8 and 9 are passed, the Company will be able to proceed with the issue of Options to Messrs A. Howland-Rose, Deitz and K. Howland-Rose.

If Resolutions 7, 8 and 9 are not passed, the Company will not be able to proceed with the issue of Options to Messrs A. Howland-Rose, Deitz and K. Howland-Rose.

ASX Listing Rule 10.13 Disclosure Requirements

Pursuant to and in accordance with ASX Listing Rule 10.13 the following information is provided in relation to Resolutions 7, 8 and 9:

- (a) Options are proposed to be granted to Messrs A. Howland-Rose, Deitz and K. Howland-Rose, who are all Directors, and/or their respective nominee(s);
- (b) as Directors Messrs A. Howland-Rose, Deitz and K. Howland-Rose are related parties of the Company for the purposes of ASX Listing Rule 10.11.1;
- (c) the maximum number of Options to be granted is 10,100,000 and the maximum number of Options which could be issued to each Director, and/or their respective nominee(s), is as follows:

<u>Name</u>	<u>Options</u>
Anthony Howland-Rose, and/or his nominee(s)	4,000,000 (Resolution 7)
David Deitz, and/or his nominee(s)	6,000,000 (Resolution 8)
Kevin Howland-Rose, and/or his nominee(s)	100,000 (Resolution 9)

- (d) the Options will be issued no later than one (1) month from the date the Meeting or such later date as the ASX Listing Rules permit (including such later date as permitted by any ASX waiver or modification of the ASX Listing Rules);
- (e) the terms and conditions of the Options are set out in **Annexure B**;
- (f) the Shares issued upon exercise of the Options will rank equally in all respects with the Company's existing issued Shares;
- (g) the Options are being issued for nil consideration as part consideration for the services provided to the Company by Messrs A. Howland-Rose, Deitz and K. Howland-Rose in their roles as Directors, and for the purpose set out above, and accordingly no funds will be raised. Any funds raised by the exercise of the Options the subject of Resolutions 7, 8 and 9 will be used to for general working capital;
- (h) details of the total current remuneration packages for Messrs A. Howland-Rose, Deitz and K. Howland-Rose are set out above; and
- (i) the proposed issues of Options to Messrs A. Howland-Rose, Deitz and K. Howland-Rose pursuant to Resolutions 7, 8 and 9 respectively are not being made under an agreement.

GLOSSARY

In the Notice of Meeting and the proxy form which accompanies this Notice of Meeting, the following terms have the following meanings unless the context otherwise requires:

Annual Report	means the Company's annual report including the reports of the Directors and auditor of the Company and the financial statement of the Company for the year ended 30 June 2022.
ASIC	means the Australian Securities and Investments Commission.
ASX	means ASX Limited (ACN 008 624 691) and the market operated by it, as the context requires.
Board	means the board of Directors.
Chair	means the chairperson of the Meeting.
Closely Related Party	is defined in respect of a member of Key Management Personnel as: ▪ a spouse or child of the member; ▪ a child of the member's spouse; ▪ a dependent of the member or the member's spouse; ▪ anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealings with the Company; ▪ a company the member controls; or ▪ a person prescribed by the <i>Corporations Regulations 2001</i> (Cth) that may be made for this purpose.
Company or Gullewa	means Gullewa Limited (ACN 007 547 480).
Constitution	means the constitution of the Company.
Corporations Act	means the <i>Corporations Act 2001</i> (Cth).
Director	means a director of the Company.
EDST	means Eastern Daylight Savings Time.
Incentive Plan	means the Gullewa Limited Incentive Plan (2022) the subject of Resolution 6, a summary of the key terms and conditions of which is set out in Annexure A.
Key Management Personnel	has the meaning given in the accounting standards and broadly means those persons with the authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, and includes any Director (whether executive or otherwise).
Listing Rules	means the Listing Rules of ASX and any other rules of ASX which are applicable while the Company is admitted to the official list of ASX, each as amended or replaced from time to time, except to the extent of any express written waiver by ASX.
Meeting or Annual General Meeting	means the annual general meeting of the Company to be held on Wednesday, 30 November 2022 at 10.00am (EDST), convened by this Notice.
Notice of Meeting or Notice	means the notice of annual general meeting which accompanies and includes this Explanatory Memorandum.
Option	means an option to acquire a Share on the terms and conditions set out in Annexure B to this Explanatory Memorandum.
Proposed Constitution	means the new constitution for the Company proposed to be adopted pursuant to Resolution 4.
Remuneration Report	means that section of the Directors' report under the heading "Remuneration Report" set out in the Annual Report.
Share	means a fully paid ordinary share in the capital of the Company.
Trading Day	means a day determined by ASX to be a trading day and notified to market participants being: (a) a day other than: (i) a Saturday, Sunday, New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day; and (ii) any other day which ASX declares and publishes is not a trading day; and (b) notwithstanding (a), a day which for the purposes of settlement, ASX declares is a trading day notwithstanding that dealings between market participants are suspended on that day.

ANNEXURE A – SUMMARY OF THE KEY TERMS AND CONDITIONS OF THE GULLEWA LIMITED SECURITIES INCENTIVE PLAN (2022)

The Gullewa Limited Securities Incentive Plan (2022) (**Plan** or **Incentive Plan**) is being considered for approval by Shareholders at the Annual General Meeting. The full terms of the Plan may be inspected at the registered office of the Company during normal business hours. A summary of the terms of the Plan is set out below:

- (a) **(Eligible Participant):** Eligible Participant means a person that:
 - (i) is an "ESS participant" (as that term is defined in Division 1A of Part 7.12 of the Corporations Act) in relation to the Company; 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, 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 five (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 Plan Shares):** If the invitation provides that any Plan Shares 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 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.

(r) **(Board powers and discretion):** Any power or discretion which is conferred on the Board by these Rules may be exercised in its sole and absolute discretion except to the extent that it prevents the Company relying on the deferred tax concessions under Subdivision 83A-C of the *Income Tax Assessment Act 1997* (Cth). Any decision by the Board regarding the interpretation, effect or application of these Rules, is final, conclusive and binding. The Board does not, in exercising any power or discretion under these Rules, owe any fiduciary or other obligations to any Eligible Participant or Participant.

Compliance with Applicable Laws

Notwithstanding these Rules or any terms of a Security, no Security may be offered, granted, vested or exercised, and no Share may be issued or transferred, if to do so would contravene any Applicable Laws.

Where monetary consideration is payable by the Eligible Participant for a Security, and in respect of Convertible Securities where the Exercise Price on exercise of those Convertible Securities is greater than zero, the Company must have reasonable grounds to believe, when making an invitation:

- (i) the total number of Plan Shares that are, or are covered by the Securities that may be issued under an invitation; or
- (ii) the total number of Plan Shares that are, or are covered by the Securities that may be issued, or could have been issued in connection with the Plan in reliance on Division 1A of Part 7.12 of the Corporations Act at any time during the previous 3 year period prior to the date the invitation is made,

does not exceed:

- (i) if the Constitution specifies an issue cap percentage, that percentage; or
- (ii) 5% (or such other maximum permitted under any Applicable Law),

of the total number of Shares on issue at the date of the Invitation. The Company is seeking under the Proposed Constitution which is proposed to be adopted under Resolution 4, to set the issue cap percentage at 20%.

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.

ANNEXURE B – TERMS AND CONDITIONS OF OPTIONS

The terms and conditions of the Options that are the subject of Resolutions 7, 8 and 9 are:

1. Each Option shall be issued for no consideration.
2. Each Option entitles the holder to subscribe for one Share upon the payment of the price, which is 20% of the VWAP for the last 90 days traded up to and including immediately preceding the day of the 2022 annual general meeting of the Company, per Share subscribed for.
3. The Options will lapse at 5:00 pm, Eastern Standard Time on the date that is 5 years from their issue less 7 days ("**Expiry Date**").
4. The Options are not transferable and will not be listed for official quotation on the ASX.
5. There are no participating rights or entitlements inherent in these Options and holders of the Options will not be entitled to participate in new issues of capital that may be offered to shareholders during the currency of the Option.
6. Option holders have the right to exercise their Options prior to the date of determining entitlements to any capital issues to the then existing shareholders of the Company made during the currency of the Options, and will be granted a period of at least 10 business days before books closing date to exercise the Options.
7. In the event that a pro rata issue (except a bonus issue) is made to the holders of the underlying securities in the Company, the exercise price of the Options may be reduced according to the following formula:

$$O' = O - \frac{E[P - (S + D)]}{N + 1}$$

where:

- O' = the new exercise price of the Option.
 - O = the old exercise price of the Option.
 - E = the number of underlying securities in the Company into which one Option is exercisable.
 - P = the average market price per security (weighted by reference to volume) of the underlying securities in the Company during the 5 Trading Days ending on the day before the ex rights date or ex entitlements date.
 - S = the subscription price for a security under the pro rata issue.
 - D = the dividend due but not yet paid on the existing underlying securities (except those to be issued under the pro rata issue).
 - N = the number of securities with rights or entitlements that must be held to receive a right to one new security in the Company.
8. In the event of any re-organisation (including reconstruction, consolidation, subdivision, reduction or return of capital) of the issued capital of the Company, the Options will be re-organised as required by the Listing Rules, but in all other respects the terms of exercise will remain unchanged.
 9. The Options shall be exercisable at any time before the Expiry Date ("**Exercise Period**") by the delivery to the registered office of the Company of a notice in writing ("**Notice**") stating the intention of the Option holder to exercise all or a specified number of Options held by them accompanied by an Option Certificate and a cheque made payable to the Company for the subscription monies for the shares. The Notice and cheque must be received by the Company during the Exercise Period. An exercise of only some options shall not affect the rights of the Option holder to the balance of the Options held by him.
 10. The Company shall allot the resultant shares and deliver a statement of shareholdings with a holder's identification number within 5 business days of exercise of the Options.
 11. The shares issued upon exercise of the Options shall rank, from the date of allotment, equally with the existing ordinary shares of the Company in all respects.