

25 October 2022

Dear Shareholder

INDUSTRIAL MINERALS LTD 2022 ANNUAL GENERAL MEETING – NOTICE AND PROXY FORM

You are invited to attend the Annual General Meeting of shareholders ('**Meeting**') of Industrial Minerals Ltd ('**IND**' or the '**Company**') to be held at The Boardroom, U38 / 460 Stirling Highway, Peppermint Grove WA 6011 on Wednesday 30 November 2022 at 2:00pm (WST).

In accordance with the *Corporations Act 2001* (Cth) the Company will not be dispatching physical copies of the Notice of Annual General Meeting ('**Notice**') unless individual shareholders have made a valid election to receive documents in hard copy. Instead, the Notice and accompanying explanatory statement (**Meeting Materials**) are being made available to shareholders electronically and can be viewed and downloaded from:

- the Company's website at www.industmin.com/investors; and
- the ASX market announcements page under the Company's code "IND"

If you have nominated an email address and have elected to receive electronic communications from the Company, you will also receive an email to your nominated email address with a link to an electronic copy of the Notice of Meeting.

The Notice is important and should be read in its entirety. If you are in doubt as to the course of action you should follow, you should consult your adviser. If you have any difficulties obtaining a copy of the Notice, please contact the Company's share registry, Automic on 1300 288 664 (within Australia) or +61 2 9698 5414 (from overseas).

Voting at the Meeting or by proxy

Shareholders are encouraged to vote by lodging a proxy form which is attached.

Proxy forms can be lodged:

- Online: <https://investor.automic.com.au/#/loginsah>
- By mail: Automic, GPO Box 5193, Sydney, NSW 2001
- In-person: Automic, Level 5, 126 Phillip Street, Sydney, NSW 2000
- By email: meetings@automicgroup.com.au
- By fax: +61 2 8583 3040
- By mobile: scan the QR Code on your Proxy Form and follow the prompts.

Your proxy voting instructions for the Meeting must be received by 2:00pm (WST) on Monday, 28 November 2022, being not less than 48 hours before the commencement of the Meeting. Any proxy voting received after that time will not be valid for the Meeting.

In order to be able to receive electronic communication from the Company in future, please update your details online at <https://investor.automic.com.au/#/home> and login with your unique shareholder identification number and postcode (or country for overseas residents) that you can locate on your enclosed personalised proxy form.

We look forward to and urge your participation at the Meeting in the manner outlined above and thank you for your continued support.

Yours truly,

Ashley Pattison
Non-Executive Chairman
Industrial Minerals Ltd

INDUSTRIAL MINERALS LTD
ACN 648 183 297
NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Meeting will be held at:

TIME: 2.00pm (WST)
DATE: Wednesday, 30 November 2022
PLACE: The Boardroom
Unit 38, 460 Stirling Hwy
PEPPERMINT GROVE WA 6011

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

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

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 2:00pm (WST) on 28 November 2022.

BUSINESS OF THE MEETING

AGENDA

1. FINANCIAL STATEMENTS AND REPORTS

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2022 together with the declaration of the Directors, the Director's report, the Remuneration Report and the auditor's report.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

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

"That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's annual financial report for the financial year ended 30 June 2022."

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

A voting prohibition statement applies to this Resolution. Please see below.

3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – ALEXANDER NEULING

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

"That, for the purpose of clause 14.2 of the Constitution, Listing Rule 14.4 and for all other purposes, Alexander Neuling, a Director, retires by rotation, and being eligible, is re-elected as a Director."

4. RESOLUTION 3 – ELECTION OF DIRECTOR – MELANIE LEIGHTON

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

"That, for the purpose of clause 14.2 of the Constitution and for all other purposes, Melanie Leighton, a Director who was appointed on 15 May 2022, retires, and being eligible, is elected as a Director of the Company."

5. RESOLUTION 4 – ISSUE OF OPTIONS TO DIRECTOR – JEFFREY SWEET

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

"That, for the purposes of section 195(4) and section 208 of the Corporations Act, Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 1,250,000 Options to Jeffrey Sweet (or his nominee) on the terms and conditions set out in the Explanatory Statement."

A voting prohibition statement and voting exclusion statement applies to this Resolution. Please see below.

6. RESOLUTION 5 – ISSUE OF OPTIONS TO DIRECTOR – MELANIE LEIGHTON

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

"That, for the purposes of section 195(4) and section 208 of the Corporations Act, Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 1,250,000 Options to Melanie Leighton (or her nominee) on the terms and conditions set out in the Explanatory Statement."

A voting prohibition statement and voting exclusion statement applies to this Resolution. Please see below.

7. RESOLUTION 6 – RATIFICATION OF PRIOR ISSUE – SHARE BASED PAYMENT

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

"That, for the purposes of Listing Rule 7.4 and for all other purposes, shareholders ratify the issue of 450,000 Ordinary Shares to Scandinavian Alliance (or their nominees) on the terms and conditions set out in the Explanatory Statement."

A voting exclusion statement applies to this Resolution. Please see below.

8. RESOLUTION 7 – RATIFICATION OF PRIOR ISSUE – OPTIONS TO INVESTOR RELATIONS MANAGER

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

"That, for the purposes of Listing Rule 7.4 and for all other purposes, shareholders ratify the issue of 1,500,000 Investor Relations Options to Capital One (or their nominees) on the terms and conditions set out in the Explanatory Statement."

A voting exclusion statement applies to this Resolution. Please see below.

9. RESOLUTION 8 – APPROVAL OF 7.1A MANDATE

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

"That, for the purposes of Listing Rule 7.1A and for all other purposes, approval is given for the Company to issue up to that number of Equity Securities equal to 10% of the issued capital of the Company at the time of issue, calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and otherwise on the terms and conditions set out in the Explanatory Statement."

Dated: 25 October 2022

By order of the Board

**Mrs Natalie Madden
Company Secretary
Industrial Minerals Ltd**

Voting Prohibition Statements

Resolution 1 – Adoption of Remuneration Report	A vote on this Resolution must not be cast (in any capacity) by or on behalf of either of the following persons: (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or (b) a Closely Related Party of such a member. However, a person (the voter) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either: (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or (b) the voter is the Chair and the appointment of the Chair as proxy: (i) does not specify the way the proxy is to vote on this Resolution; and 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.
Resolution 4 – Issue of options to director – Jeffrey Sweet	In accordance with section 224 of the Corporations Act, a vote on this Resolution must not be cast (in any capacity) by or on behalf of a related party of the Company to whom the Resolution would permit a financial benefit to be given, or an associate of such a Related Party (Resolution 4 Excluded Party). However, the above prohibition does not apply if the vote cast is by a person as proxy appointed by writing that specifies how the proxy is to vote on the Resolution and is not cast on behalf of a Resolution 4 Excluded Party. In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if (a) the proxy is either: (i) a member of the Key Management Personnel; (ii) a Closely Related Party of such a member; and (b) the appointment does not specify the way the proxy is to vote on this Resolution Provided the Chair is not a Resolution 4 Excluded Party, the above prohibition does not apply if: (a) the proxy is the Chair; and (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.
Resolution 5 – Issue of options to director – Melanie Leighton	In accordance with section 224 of the Corporations Act, a vote on this Resolution must not be cast (in any capacity) by or on behalf of a related party of the Company to whom the Resolution would permit a financial benefit to be given, or an associate of such a Related Party (Resolution 5 Excluded Party). However, the above prohibition does not apply if the vote cast is by a person as proxy appointed by writing that specifies how the proxy is to vote on the Resolution and is not cast on behalf of a Resolution 5 Excluded Party. In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if (a) the proxy is either: (i) a member of the Key Management Personnel; (ii) a Closely Related Party of such a member; and (b) the appointment does not specify the way the proxy is to vote on this Resolution Provided the Chair is not a Resolution 5 Excluded Party, the above prohibition does not apply if: (a) the proxy is the Chair; and (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

Voting Exclusion Statements

In accordance with Listing Rule 14.11 the Company will disregard any votes cast in favour of the resolution set out below by or on behalf of the following persons:

Resolution 3 – Issue of options to director – Jeffrey Sweet	Jeffrey Sweet (or his nominee) and any other person who will obtain a material benefit as a result of the issue of securities (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.
Resolution 4 – Issue of options to director – Melanie Leighton	Melanie Leighton (or her nominee) and any other person who will obtain a material benefit as a result of the issue of securities (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.
Resolution 6 – Ratification of prior issue – Share based payment	Scandinavian Alliance and any other person who participated in the issue or is a counterparty to the agreement being approved.
Resolution 7 – Ratification of prior issue – Options to investor relations manager	Capital One and any other person who participated in the issue or is a counterparty to the agreement being approved.

Voting by proxy

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

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

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast two (2) or more votes may appoint two (2) proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints two (2) proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that:

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

Voting in person

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

You may still attend the meeting and vote in person even if you have lodged appointed a proxy. If you have previously submitted a Proxy Form, your attendance will not revoke your proxy appointment unless you actually vote at the meeting for which the proxy is proposed to be used, in which case, the proxy's appointment is deemed to be revoked with respect to voting on that resolution.

Please bring your personalised Proxy Form with you as it will help you to register your attendance at the meeting. If you do not bring your Proxy Form with you, you can still attend the meeting but representatives from Automic Group will need to verify your identity. You can register from 1.45pm (WST) on the day of the meeting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 6270 6316.

EXPLANATORY STATEMENT

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

1. FINANCIAL STATEMENTS AND REPORTS

In accordance with the Corporations Act, the business of the Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2022 together with the declaration of the Directors, the Directors' report, the Remuneration Report and the auditor's report.

The Company will not provide a hard copy of the Company's annual financial report to Shareholders unless specifically requested to do so. The Company's annual financial report is available on its website at www.industmin.com.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

2.1 General

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

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

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

2.2 Voting consequences

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

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

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

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

2.3 Previous voting results

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

3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – ALEXANDER NEULING

3.1 General

The Constitution sets out the requirements for determining which Directors are to retire by rotation at an annual general meeting.

Mr Neuling, who has served as a Director since 23 February 2021, retires by rotation and seeks re-election.

3.2 Qualifications and other material directorships

Mr Neuling is a Chartered Accountant and chartered company secretary with over 20 years corporate and financial experience, including 10 years as company secretary, CFO and/or a Director of various ASX listed companies in the Oil & Gas, Mineral Exploration, Biotech Mining Services sectors. Prior to these roles, Mr Neuling worked at Deloitte in London and in Perth.

Mr Neuling is currently a Non-Executive director of PetroNor E&P Limited (listed on Oslo Axess:PNOR) (from April 2020).

Mr Neuling holds no other material, listed directorships.

3.3 Independence

If re-elected the Board considers Mr Neuling will be an independent Director.

3.4 Technical information required by Listing Rule 14.1A

If Resolution 2 is passed, Mr Neuling will be re-elected to the Board as an independent Director.

In the event that Resolution 2 is not passed, Mr Neuling will not join the Board as an independent Director. The Company may seek nominations or otherwise identify suitably qualified candidates to join the Company. As an additional consequence, this may detract from the Board and Company's ability to execute on its strategic vision.

3.5 Board recommendation

The Board has reviewed Mr Neuling's performance since his appointment to the Board and considers that Mr Neuling's skills and experience will continue to enhance the Board's ability to perform its role. Accordingly, the Board supports the re-election of Mr Neuling and recommends that Shareholders vote in favour of Resolution 2.

4. RESOLUTION 3 –ELECTION OF DIRECTOR – MELANIE LEIGHTON

4.1 General

Resolution 3 relates to the election of Melanie Leighton (Proposed Director) as a Director of the Company.

The Constitution allows the Directors to appoint at any time a person to be a Director either to fill a casual vacancy or as an addition to the existing Directors, but only where the total number of Directors does not at any time exceed the maximum number specified by the Constitution.

Pursuant to the Constitution and Listing Rule 14.4, any Director so appointed holds office only until the next annual general meeting and is then eligible for election by Shareholders but shall not be taken into account in determining the Directors who are to retire by rotation (if any) at that meeting.

Melanie Leighton, having been appointed by other Directors on 9 May 2022, will retire in accordance with the Constitution and ASX Listing Rule 14.4 and being eligible, seeks election from Shareholders.

4.2 Qualifications and other material directorships

Melanie Leighton is a geologist with more than 20 years' experience in the mining industry spanning multiple commodities and deposit types. Melanie Leighton is a founding director of Leighton Geoservices Pty Ltd, a consulting firm providing corporate and geological services to the mineral resources sector with the mantra of bridging the gap between technical, corporate and investor.

Melanie Leighton has held management and senior geological roles with Hot Chilli Limited, Harmony Gold and Hill 50 Gold, gaining practical and management experience within the areas of exploration, mining and resource development. Melanie Leighton has also considerable experience in the areas of stakeholder engagement and investor relations.

Melanie Leighton has been a Non-Executive director of Great Boulder Resources Limited (ASX:GBR) since its listing on the ASX in 2016.

Melanie Leighton holds no other material, listed directorships.

4.3 Independence

Melanie Leighton has no interests, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect her capacity to bring an independent judgement to bear on issues before the board and to act in the best interest of the entity and its security holders generally.

If elected, the board considers Melanie Leighton will be an independent director.

4.4 Other material information

The Company conducts appropriate checks on the background and experience of candidates before their appointment to the Board. These include checks as to a person's experience, educational qualifications, character, criminal record and bankruptcy history. The Company undertook such checks prior to the appointment of Melanie Leighton.

Melanie Leighton has confirmed that she considers she will have sufficient time to fulfil her responsibilities as a Non-Executive Director of the Company and does not consider that any other commitment will interfere with her availability to perform her duties as a Non-Executive Director of the Company.

4.5 Board recommendation

The Board supports the re-election of Melanie Leighton and recommends that Shareholders vote in favour of Resolution 3.

5. RESOLUTIONS 4 AND 5 – ISSUE OF OPTIONS TO RELATED PARTIES – JEFFREY SWEET AND MELANIE LEIGHTON

5.1 General

The Company has agreed, subject to obtaining Shareholder approval, to issue a total of 2,500,000 Options (**Options**) to Jeffrey Sweet and Melanie Leighton (**Related Parties**) as follows:

- (a) 1,250,000 Options (**MD Options**) to the Managing Director, Jeffrey Sweet, (or his nominee) on the terms and conditions set out below; and
- (b) 1,250,000 Options (**NED Options**) to Melanie Leighton (or her nominee) on the terms and conditions set out below.

Resolutions 4 and 5 seek Shareholder approval for the issue of MD Options to Jeffrey Sweet and NED Options to Melanie Leighton.

5.2 Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

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

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

The issue of MD Options to Jeffrey Sweet and the issue of NED Options to Melanie Leighton constitutes giving a financial benefit and Jeffrey Sweet and Melanie Leighton are related parties of the Company by virtue of being Directors.

The Directors do not consider that one of the exceptions set out in section 210 to 216 of the Corporations Act applies to the issue of the MD Options or to the issue of NED Options. Accordingly Shareholder approval for the issue of MD Options to Jeffrey Sweet and NED Options to Melanie Leighton is sought in accordance with Chapter 2E of the Corporations Act.

5.3 Listing Rule 10.11

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

- 10.11.1. a related party
- 10.11.2. a person who is, or was at any time in the 6 months before the issue or agreement a substantial (30%+) holder of the company;
- 10.11.3. a person who is, or was at any time in the 6 months before the issue or agreement a substantial (10%+) holder of 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;
- 10.11.4. an associate of a person referred to in Listing Rules 10.11.1 to 10.11.3
- 10.11.5. a person whose relationship with the company or a person referred to in Listing Rule 10.11.1 to 10.11.4 is such that, in ASX's opinion, the issue or agreement should be approved by shareholders,

unless it obtains the approval of its shareholders.

The issue of MD Options and NED Options fall within Listing Rule 10.11.1 and does not fall within any of the exceptions in Listing Rule 10.12. The issues therefore require the approval of Shareholders under Listing Rule 10.11.

Resolutions 4 and 5 seek the required Shareholder approval for the issue of the MD Options and NED Options under and for the purposes of Chapter 2E of the Corporations Act and Listing Rule 10.11.

5.4 Technical information required by Listing Rule 14.1A

If Resolutions 4 and 5 are passed, the Company will be able to proceed with the issue of the MD Options to Jeffrey Sweet and the issue of NED Options to Melanie Leighton within one month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules). As approval pursuant to Listing Rule 7.1 is not required for the issue of the MD Options and the issue of NED Options (because approval is being obtained under Listing Rule 10.11), the issue of the MD Options and the NED Options will not use up any of the Company's 15% annual placement capacity.

If Resolutions 4 and 5 are not passed, the Company will not be able to proceed with the issue of the MD Options nor the NED Options and the Company may have to identify and implement alternative means of recruiting, retaining and incentivising appropriately qualified and experienced staff members (including potentially cash-based incentive arrangements).

5.5 Technical information required by Listing Rule 10.13 and section 219 of the Corporations Act

Pursuant to and in accordance with Listing Rule 10.13 and section 219 of the Corporations Act, the following information is provided in relation to Resolutions 4 and 5:

- (a) the securities will be issued to the following persons:
 - (i) MD Options to Jeffrey Sweet (or their nominee) pursuant to Resolution 4; and

- (ii) NED Options to Melanie Leighton (or their nominee) pursuant to Resolution 5,

each of whom falls within the category set out in Listing Rule 10.11.1 by virtue of being a Director;

- (b) the maximum number of securities to be issued is 2,500,000 comprising:
 - (i) 1,250,000 MD Options to Jeffrey Sweet (or their nominee) pursuant to Resolution 4; and
 - (ii) 1,250,000 NED Options to Melanie Leighton (or their nominee) pursuant to Resolution 5;
- (c) the terms and conditions of the MD Options are set out in Schedule 1;
- (d) the terms and conditions of the NED Options are set out in Schedule 2;
- (e) the MD Options and NED Options will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that issue of the MD Options and NED Options will occur on the same date;
- (f) the issue prices of the MD Options and NED Options will be nil. The Company will not receive any other consideration in respect of the issue of the MD Options or NED Options (other than in respect of funds received on exercise);
- (g) the purpose of the issues of the MD Options and NED Options are to provide a performance linked incentive component in the remuneration package for the directors to align the interests of the directors with those of the Shareholders, to motivate and reward the performance of the directors and to provide a cost effective way from the Company to remunerate the directors, which will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to the directors;
- (h) the Options are unquoted Options. The Company has agreed to issue the Options to the Related Parties subject to Shareholder approval for the following reasons:
 - (i) the Options are unquoted, therefore, the issue of the Options has no immediate dilutionary impact on Shareholders;
 - (ii) the deferred taxation benefit which is available to the Related Parties in respect of an issue of Options is also beneficial to the Company as it means the Related Parties are not required to immediately sell the Options to fund a tax liability (as would be the case in an issue of Shares where the tax liability arises upon issue of the Shares) and will instead, continue to hold an interest in the Company; and
 - (iii) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Options on the terms proposed;
- (i) the number of Options to be issued to each of the Related Parties has been determined based upon consideration of:

- (i) current market standards and/or practices of other ASX listed companies of a similar size and stage of development to the Company;
- (ii) the remuneration of the Related Parties; and
- (iii) incentives to attract and ensure continuity of service of the Related Parties who have appropriate knowledge and expertise, while maintaining the Company's cash reserves.

The Company does not consider that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Options upon the terms proposed;

- (j) the total remuneration package for each of the Related Parties for the previous financial year and the proposed total remuneration package for the current financial year are set out below:

Related Party	Current Financial Year (\$)	Previous Financial Year (\$)
Jeffrey Sweet	524,000 ¹	219,000
Melanie Leighton	337,665 ²	29,688

Notes:

- 1. Comprising Directors fees/salary of \$264,000 and MD Options with a valuation of \$260,000.
- 2. Comprising Directors fees/salary of \$48,000, a superannuation payment of \$5,040 and NED Options with a valuation of \$284,625.

- (k) the value of the Options and the pricing methodology is set out in Schedule 3;
- (l) the Options are not being issued under an agreement;
- (m) the relevant interests of the Related Parties in securities of the Company as at the date of this Notice are set out below:

Related Party	Shares	Options
Jeffrey Sweet	4,075,000	2,250,000
Melanie Leighton	Nil	Nil

Notes:

- 1. Fully paid Ordinary Shares in the capital of the Company (ASX:IND)
- 2. Unquoted options exercisable at \$0.30 on or before 23 March 2024.

- (n) if the Options issued to the Related Parties are exercised, a total of 2,500,000 Shares would be issued. This will increase the number of Shares on issue from 63,500,000 (being the total number of Shares on issue as at the date of this Notice) to 66,000,000 (assuming that no Shares are issued and no convertible securities vest or are exercised) with the effect that the shareholding of existing Shareholders would be diluted by an aggregate of 3.79%, comprising 1.89% by Jeffrey Sweet and 1.89% by Melanie Leighton;

- (o) the market price for Shares during the term of the Options would normally determine whether the Options are exercised. If, at any time any of the Options are exercised and 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.
- (p) the trading history of the Shares on ASX in the 12 months before the date of this Notice is set out below:

	Price	Date
Highest	\$0.495	12 September 2022
Lowest	\$0.180	15 December 2021
Last	\$0.350	13 October 2022

- (q) two of the three Directors of the Company have a material personal interest in the outcome of Resolutions 4 and 5 on the basis that two of the Directors (or their nominees) are to be issued Options should Resolutions 4 and 5 be passed. For this reason, the Directors do not believe that it is appropriate to make a recommendation on Resolutions 4 and 5 of this Notice; and
- (r) the Board is not aware of any other information that is reasonably required by Shareholders to allow them to decide whether it is in the best interests of the Company to pass Resolutions 4 and 5.

6. RESOLUTION 5 – RATIFICATION OF PRIOR ISSUE – SHARE BASED PAYMENT

6.1 General

On 7 December 2021, the Company issued 450,000 Shares (**Consulting Shares**) at a deemed issue price of \$0.26 per Share to Scandinavian Alliance as consideration for services to be provided under a consulting services agreement.

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

Under Listing Rule 7.1A, an eligible entity can seek approval from its members, by way of a special resolution passed at its annual general meeting, to increase this 15% limit by an extra 10% to 25%.

The Company obtained approval to increase its limit to 25% at the annual general meeting held on 22 November 2021.

The issue of the Consulting Shares does not fit within any of the exceptions set out in Listing Rule 7.2 and, as it has not yet been approved by Shareholders, it effectively uses up part of the 15% limit in Listing Rule 7.1, reducing the Company's capacity to issue further equity securities without Shareholder approval under Listing Rule 7.1 for the 12-month period following the date of issue of the Consulting Shares.

Listing Rule 7.4 allows the shareholders of a listed company to approve an issue of equity securities after it has been made or agreed to be made. If they do, the issue is taken to have been approved under Listing Rule 7.1 and so does not

reduce the Company's capacity to issue further equity securities without shareholder approval under that rule.

The Company wishes to retain as much flexibility as possible to issue additional equity securities in the future without having to obtain Shareholder approval for such issues under Listing Rule 7.1. Accordingly, the Company is seeking Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the Consulting Shares.

Resolution 6 seeks Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the Consulting Shares.

6.2 Technical information required by Listing Rule 14.1A

If Resolution 6 is passed, the Consulting Shares will be excluded in calculating the Company's combined 25% limit in Listing Rules 7.1 and 7.1A, effectively increasing the number of equity securities the Company can issue without Shareholder approval over the 12-month period following the date of issue of the Acquisition Shares.

If Resolution 6 is not passed, the Consulting Shares will be excluded in calculating the Company's combined 25% limit in Listing Rules 7.1 and 7.1A, effectively decreasing the number of equity securities the Company can issue without Shareholder approval over the 12-month period following the date of issue of the Acquisition Shares.

It is noted that the Company's ability to utilise the additional 10% capacity provided for in listing Rule 7.1A for issues of equity securities following this Meeting remains conditional on Resolution 8 being passed at this Meeting.

6.3 Technical information required by Listing Rule 7.5

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to Resolution 6:

- (a) the Consulting Shares were issued to Scandinavian Alliance
- (b) in accordance with paragraph 7.4 of ASX Guidance Note 21, the Company confirms that none of the recipients were related parties of the Company, members of the Company's Key Management Personnel, substantial holders of the Company, advisers of the Company or an associate of any of these parties and as a result in that capacity they are not issued more than 1% of the issued capital of the Company (noting that the Consulting Shares did at the time represent approximately 0.71% of the issued capital of the Company)
- (c) 450,000 Consulting Shares were issued and the Consulting Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing shares;
- (d) The Consulting Shares were issued on 7 December 2021
- (e) The deemed issue price was \$0.26 per share. The Company has not and will not receive any other consideration for the issue of the Consulting Shares
- (f) The purpose of the issue of the Consulting Shares was for services to be provided by Scandinavian Alliance. No funds were raised from the issue.

- (g) The Consulting Shares were issued under a consulting services agreement. Under the terms of the agreement, Scandinavian Alliance will provide consulting services for a 6 month period commencing 1 December 2021 for an agreed value of Euro 75,000.

7. RESOLUTION 7 – RATIFICATION OF PRIOR ISSUE – OPTIONS TO INVESTMENT RELATIONS MANAGER

7.1 General

On 13 May 2022, the Company issued 1,500,000 Options with an exercise price of \$0.30 and expiry date of 23 March 2024 (**IR Options**) to Capital One as consideration for investor relation services

As summarised in Section 6.1 above, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that 12 month period.

Under Listing Rule 7.1A, an eligible entity can seek approval from its members, by way of a special resolution passed at its annual general meeting, to increase this 15% limit by an extra 10% to 25%.

The Company obtained approval to increase its limit to 25% at the annual general meeting held on 22 November 2021.

The issue of the IR Options does not fit within any of the exceptions set out in Listing Rule 7.2 and, as it has not yet been approved by Shareholders, it effectively uses up part of the 15% limit in Listing Rule 7.1, reducing the Company's capacity to issue further equity securities without Shareholder approval under Listing Rule 7.1 for the 12-month period following the date of issue of the IR Options.

Listing Rule 7.4 allows the shareholders of a listed company to approve an issue of equity securities after it has been made or agreed to be made. If they do, the issue is taken to have been approved under Listing Rule 7.1 and so does not reduce the Company's capacity to issue further equity securities without shareholder approval under that rule.

The Company wishes to retain as much flexibility as possible to issue additional equity securities in the future without having to obtain Shareholder approval for such issues under Listing Rule 7.1. Accordingly, the Company is seeking Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the IR Options.

Resolution 7 seeks Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the IR Options.

7.2 Technical information required by Listing Rule 14.1A

If Resolution 7 is passed, the IR Options will be excluded in calculating the Company's combined 25% limit in Listing Rules 7.1 and 7.1A, effectively increasing the number of equity securities the Company can issue without Shareholder approval over the 12-month period following the date of issue of the IR Options.

If Resolution 7 is not passed, the IR Options will be excluded in calculating the Company's combined 25% limit in Listing Rules 7.1 and 7.1A, effectively decreasing the number of equity securities the Company can issue without Shareholder approval over the 12-month period following the date of issue of the IR Options

It is noted that the Company's ability to utilise the additional 10% capacity provided for in Listing Rule 7.1A for issues of equity securities following this Meeting remains conditional on Resolution 8 being passed at this Meeting.

7.3 Technical information required by Listing Rule 7.5

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to Resolution 7:

- (a) the IR Options were issued to Capital One
- (b) in accordance with paragraph 7.4 of ASX Guidance Note 21, the Company confirms that none of the recipients were related parties of the Company, members of the Company's Key Management Personnel, substantial holders of the Company, advisers of the Company or an associate of any of these parties.
- (c) 1,500,000 IR Options were issued with an exercise price of \$0.30 and expiry date of 23 March 2024;
- (d) The IR Options were issued on 13 May 2022;
- (e) The Company has not and will not receive any other consideration for the issue of the IR Options;
- (f) The purpose of the issue of the IR Options was for investor relations services to be provided by Capital One. No funds were raised from the issue.

8. RESOLUTION APPROVAL OF 7.1A MANDATE

8.1 General

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

However, under Listing Rule 7.1A, an eligible entity may seek shareholder approval by way of a special resolution passed at its annual general meeting to increase this 15% limit by an extra 10% to 25% (**7.1A Mandate**).

An 'eligible entity' means an entity which is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300,000,000 or less. The Company is an eligible entity for these purposes.

As at the date of this Notice, the Company is an eligible entity as it is not included in the S&P/ASX 300 Index and has a current market capitalisation of \$22,225,000 (based on the number of Shares on issue and the closing price of Shares on the ASX on 13 October 2022.)

Resolution 8 seeks Shareholder approval by way of special resolution for the Company to have the additional 10% placement capacity provided for in Listing Rule 7.1A to issue Equity Securities without Shareholder approval.

For note, a special resolution is a resolution requiring at least 75% of votes cast by shareholders present and eligible to vote at the meeting in favour of the resolution. If Resolution 8 is passed, the Company will be able to issue Equity Securities up to the combined 25% limit in Listing Rules 7.1 and 7.1A without any further Shareholder approval.

If Resolution 8 is not passed, the Company will not be able to access the additional 10% capacity to issue Equity Securities without Shareholder approval under Listing Rule 7.1A and will remain subject to the 15% limit on issuing Equity Securities without Shareholder approval set out in Listing Rule 7.1.

8.2 Technical information required by Listing Rule 7.1A

Pursuant to and in accordance with Listing Rule 7.3A, the information below is provided in relation to Resolution 8:

(a) Period for which the 7.1A Mandate is valid

The 7.1A Mandate will commence on the date of the Meeting and expire on the first to occur of the following:

- (i) the date that is 12 months after the date of this Meeting;
- (ii) the time and date of the Company's next annual general meeting; and
- (iii) the time and date of approval by Shareholders of any transaction under Listing Rule 11.1.2 (a significant change in the nature or scale of activities) or Listing Rule 11.2 (disposal of the main undertaking).

(b) Minimum price

Any Equity Securities issued under the 7.1A Mandate must be in an existing quoted class of Equity Securities and be issued at a minimum price of 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 trading days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed by the entity and the recipient of the Equity Securities; or
- (ii) if the Equity Securities are not issued within 10 trading days of the date in Section 8.2(b)(i), the date on which the Equity Securities are issued.

(c) Use of funds raised under the 7.1A Mandate

The Company intends to use funds raised from issues of Equity Securities under the 7.1A Mandate for continued exploration expenditure at its Western Australian projects and for general working capital.

(d) Risk of Economic and Voting Dilution

Any issue of Equity Securities under the 7.1A Mandate will dilute the interests of Shareholders who do not receive any Shares under the issue.

If Resolution 8 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 7.1A Mandate, the economic and voting dilution of existing Shares would be as shown in the table below.

The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in Listing Rule 7.1A.2, on the basis

of the closing market price of Shares and the number of Equity Securities on issue or proposed to be issued as at 13 October 2022.

The table also shows the voting dilution impact where the number of Shares on issue (Variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 7.1A Mandate.

Number of Shares on Issue (Variable A in Listing Rule 7.1A.2)		Shares issued – 10% voting dilution	Dilution		
			Issue Price		
			\$0.175	\$0.350	\$0.525
			50% decrease	Issue Price	50% increase
			Funds Raised		
Current	63,500,000 Shares	6,350,000 Shares	\$1,111,250	\$2,222,500	\$3,333,750
50% increase	95,250,000 Shares	9,525,000 Shares	\$1,666,875	\$3,333,750	\$5,000,625
100% increase	127,000,000 Shares	12,700,000 Shares	\$2,222,500	\$4,445,000	\$6,667,500

*The number of Shares on issue (Variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under Listing Rule 7.1.

The table above uses the following assumptions:

1. There are currently 63,500,000 Shares on issue.
2. The issue price set out above is the closing market price of the Shares on the ASX on 13 October 2022 being \$0.350.
3. The Company issues the maximum possible number of Equity Securities under the 7.1A Mandate.
4. The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in Listing Rule 7.2 or with approval under Listing Rule 7.1.
5. The issue of Equity Securities under the 7.1A Mandate consists only of Shares. It is assumed that no Options are exercised into Shares before the date of issue of the Equity Securities. If the issue of Equity Securities includes quoted Options, it is assumed that those quoted Options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
6. The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
7. This table does not set out any dilution pursuant to approvals under Listing Rule 7.1 unless otherwise disclosed.
8. The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
9. The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 7.1A Mandate, based on that Shareholder's holding at the date of the Meeting.

Shareholders should note that there is a risk that:

- (i) the market price for the Company's Shares may be significantly lower on the issue date than on the date of the Meeting; and

- (ii) the Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue.

(e) **Allocation policy under the 7.1A Mandate**

The recipients of the Equity Securities to be issued under the 7.1A Mandate have not yet been determined. However, the recipients of Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company.

The Company will determine the recipients at the time of the issue under the 7.1A Mandate, having regard to the following factors:

- (i) the purpose of the issue;
- (ii) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue, share purchase plan, placement or other offer where existing Shareholders may participate;
- (iii) the effect of the issue of the Equity Securities on the control of the Company;
- (iv) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;
- (v) prevailing market conditions; and
- (vi) advice from corporate, financial and broking advisers (if applicable).

(f) **Previous approval under Listing Rule 7.1A**

The Company previously obtained approval from its Shareholders pursuant to Listing Rule 7.1A at its annual general meeting held on 22 November 2021 (**Previous Approval**).

During the 12 month period preceding the date of the Meeting, being on and from 30 November 2021, the Company has not issued any Equity Securities pursuant to the Previous Approval.

8.3 Voting Exclusion Statement

As at the date of this Notice, the Company is not proposing to make an issue of Equity Securities under Listing Rule 7.1A. Accordingly, a voting exclusion statement is not included in this Notice.

GLOSSARY

\$ means Australian dollars.

7.1A Mandate has the meaning given in Section 8.1.

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

ASIC means the Australian Securities & Investments Commission.

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

Board means the current board of directors of the Company.

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

Chair means the chair of the Meeting.

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

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

Company means Industrial Minerals Ltd (ACN 648 183 297).

Constitution means the Company's constitution.

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

Directors means the current directors of the Company.

Explanatory Statement means the explanatory statement accompanying the Notice.

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

Listing Rules means the Listing Rules of ASX.

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

Option means an option to acquire a Share.

Proxy Form means the proxy form accompanying the Notice.

Remuneration Report means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 30 June 2021.

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

Section means a section of the Explanatory Statement.

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

Shareholder means a registered holder of a Share.

Variable A means "A" as set out in the formula in Listing Rule 7.1A.2.

WST means Western Standard Time as observed in Perth, Western Australia.

SCHEDULE 1 – TERMS AND CONDITIONS OF MANAGING DIRECTOR OPTIONS (MD OPTIONS)

(a) **Entitlement**

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

(b) **Exercise Price**

Subject to paragraph Schedule 1 (i), the amount payable upon exercise of each Option will be \$0.40 (**Exercise Price**)

(i) Subject to the below, a holder may elect to pay the Exercise Price for each Option by setting off the total Exercise Price against the number of Shares which they are entitled to receive upon exercise (**Cashless Exercise Facility**). By using the Cashless Exercise Facility, the holder will receive Shares to the value of the surplus after the Exercise Price has been set off.

(ii) If the holder elects to use the Cashless Exercise Facility, the holder will only be issued a number of Shares (rounded down to the nearest whole number) equal in value to the difference between the total Exercise Price otherwise payable for the Options on the Options being exercised and the then market value of the Shares at the time of exercise calculated in accordance with the following formula:

$$S = O \times (MSP - EP) / MSP$$
 Where:

- S = Number of Shares to be issued on exercise of the Options
- O = Number of Options being exercised
- MSP = Market value of the Shares calculated using the volume weighted average of the Shares on ASX for the 5 trading days immediately prior to (and excluding) the date of the Notice of Exercise
- EP = Exercise Price

(iii) If the difference between the total Exercise Price otherwise payable for the Options on the Options being exercised and the then market value of the Shares at the time of exercise (calculated in accordance with the above) is zero or negative, then a Participant will not be entitled to use the Cashless Exercise Facility.

(c) **Expiry Date**

Each Option will expire at 5:00 pm (WST) on 30 November 2025 (Expiry Date). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

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

(e) **Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified in the Option certificate (Notice of Exercise) and, subject to the operation of the Cashless Exercise Facility, payment

of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

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

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

Within 5 Business Days after the latter of the following:

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

But in any case, not later than 20 Business Days after the Exercise Date, the Company will:

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

If a notice delivered under 11.3(g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) **Shares issued on exercise**

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

(i) **Reconstruction of capital**

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

(j) **Participation in new issues**

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

(k) **Change in exercise price**

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

(l) **Transferability**

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

SCHEDULE 2 – TERMS AND CONDITIONS OF NON-EXECUTIVE DIRECTOR OPTIONS (NED OPTIONS)

(a) **Entitlement**

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

(b) **Exercise Price**

Subject to paragraph Schedule 1 (i), the amount payable upon exercise of each Option will be \$0.30 (**Exercise Price**)

(i) Subject to the below, a holder may elect to pay the Exercise Price for each Option by setting off the total Exercise Price against the number of Shares which they are entitled to receive upon exercise (**Cashless Exercise Facility**). By using the Cashless Exercise Facility, the holder will receive Shares to the value of the surplus after the Exercise Price has been set off.

(ii) If the holder elects to use the Cashless Exercise Facility, the holder will only be issued a number of Shares (rounded down to the nearest whole number) equal in value to the difference between the total Exercise Price otherwise payable for the Options on the Options being exercised and the then market value of the Shares at the time of exercise calculated in accordance with the following formula:

$S = O \times (MSP - EP) / MSP$ Where:

- S = Number of Shares to be issued on exercise of the Options
- O = Number of Options being exercised
- MSP = Market value of the Shares calculated using the volume weighted average of the Shares on ASX for the 5 trading days immediately prior to (and excluding) the date of the Notice of Exercise
- EP = Exercise Price

(iii) If the difference between the total Exercise Price otherwise payable for the Options on the Options being exercised and the then market value of the Shares at the time of exercise (calculated in accordance with the above) is zero or negative, then a Participant will not be entitled to use the Cashless Exercise Facility.

(c) **Expiry Date**

Each Option will expire at 5:00 pm (WST) on 30 November 2025 (Expiry Date). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

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

(e) **Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified in the Option certificate (Notice of Exercise) and, subject to the operation of the Cashless Exercise Facility, payment

of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

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

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

Within 5 Business Days after the latter of the following:

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

But in any case, not later than 20 Business Days after the Exercise Date, the Company will:

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

If a notice delivered under 11.3(g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) **Shares issued on exercise**

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

(i) **Reconstruction of capital**

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

(j) **Participation in new issues**

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

(k) **Change in exercise price**

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

(l) **Transferability**

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

SCHEDULE 3 – VALUATION OF OPTIONS

The Options to be issued to the Related Parties pursuant to Resolutions 4 and 5 have been valued by internal management.

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

Assumptions	MD Options	NED Options
Valuation date	12 October 2021	12 October 2021
Market price of shares	\$0.350	\$0.350
Exercise price	\$0.40	\$0.30
Expiry date	30 November 2025	30 November 2025
Risk free interest rate	3.41%	3.41%
Volatility	95%	95%
Indicative value per Option	\$0.208	\$0.2277
Total value of Options	\$260,000	\$284,625
	Resolution 4	Resolution 5

Note: The valuation noted above is not necessarily the market price that the Options could be traded at and is not automatically the market price for taxation purposes.

Proxy Voting Form

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

Holder Number:

Your proxy voting instruction must be received by **2.00pm (WST) on Monday, 28 November 2022**, being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

SUBMIT YOUR PROXY

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

YOUR NAME AND ADDRESS

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

STEP 1 – APPOINT A PROXY

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

DEFAULT TO THE CHAIR OF THE MEETING

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

STEP 2 - VOTES ON ITEMS OF BUSINESS

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

APPOINTMENT OF SECOND PROXY

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

SIGNING INSTRUCTIONS

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

Joint holding: Where the holding is in more than one name, all Shareholders should sign.

Power of attorney: If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Voting Form when you return it.

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

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

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

CORPORATE REPRESENTATIVES

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

Lodging your Proxy Voting Form:

Online:

Use your computer or smartphone to appoint a proxy at

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

or scan the QR code below using your smartphone

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



BY MAIL:

Automic
GPO Box 5193
Sydney NSW 2001

IN PERSON:

Automic
Level 5, 126 Phillip Street
Sydney NSW 2000

BY EMAIL:

meetings@automicgroup.com.au

BY FACSIMILE:

+61 2 8583 3040

All enquiries to Automic:

WEBSITE: <https://automicgroup.com.au/>

PHONE: 1300 288 664 (Within Australia)
+61 2 9698 5414 (Overseas)

