



Lark Distilling Co.

LARK DISTILLING CO. LTD
ACN 104 600 544

Notice of Annual General Meeting

Explanatory Statement and Proxy Form

Date of Meeting:
Tuesday, 22 November 2022

Time of Meeting:
11.00AM (AEDT)

Place of Meeting:
Lark Distillery at Pontville
76 Shene Road
Pontville TAS 7030

This Notice of General Meeting and Explanatory Statement 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 advisor without delay.

LARK DISTILLING CO. LTD

ACN 104 600 544

Registered office: Level 1, 91-93 Macquarie Street, Hobart TAS 7000

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting (AGM or Meeting) of the Shareholders of Lark Distilling Co. Ltd (Company) will be held at the offices of Lark Distillery at Pontville, 76 Shene Road, Pontville, Tasmania at 11.00am (AEDT) on Tuesday, 22 November 2022.

AGENDA

The Explanatory Statement and proxy form which accompany and form part of this Notice, include defined terms and describe in more detail the matters to be considered. Please consider this Notice, the Explanatory Statement and the proxy form in their entirety.

ORDINARY BUSINESS

Receipt and consideration of Accounts & Reports

To receive and consider the financial report of the Company and the related reports of the Directors (including the Remuneration Report) and auditors for the year ended 30 June 2022.

Note: Except for as set out in Resolution 1, there is no requirement for Shareholders to approve these reports. Accordingly, no resolution will be put to Shareholders on this item of business.

Resolution 1: Adoption of Remuneration Report

To consider and, if thought fit, to pass the following resolution as a non-binding ordinary resolution:

"That for the purpose of Section 250R(2) of the Corporations Act, the Remuneration Report (included in the Directors' Report) for the financial year ended 30 June 2022 be adopted as described in the Explanatory Statement which accompanies and forms part of this Notice of Meeting."

Notes: In accordance with section 250R(3) of the Corporations Act, the vote on Resolution 1 is advisory only and does not bind the Directors or the Company. The Directors will consider the outcome of the vote and comments made by Shareholders on the Remuneration Report at the Meeting when reviewing the Company's remunerations policies.

A voting exclusion statement as set out below in this Notice applies to this Resolution.

Resolution 2: Election of Mr Domenic Panaccio as a Director of the Company

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That Mr Domenic Panaccio, having been appointed to the Board of Directors during the year and who retires as a Director in accordance with the Constitution and Listing Rule 14.5, being eligible and offering himself for election, be elected as a Director of the Company."

Resolution 3: Re-election of Mr David Dearie as a Director of the Company

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That Mr David Dearie, who retires by rotation pursuant to the Constitution and Listing Rule 14.5, being eligible and offering himself for re-election, be re-elected as a Director of the Company."

Resolution 4: Re-election of Mr Warren Randall as a Director of the Company

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That Mr Warren Randall, who retires by rotation pursuant to the Constitution and Listing Rule 14.5, being eligible and offering himself for re-election, be re-elected as a Director of the Company."

Resolution 5: Approval of the issue of Equity Securities under Company's Equity Incentive Plan

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That, under and for the purposes of ASX Listing Rule 7.2 Exception 13(b), and for all other purposes including sections 259B and 260C of the Corporations Act 2001 (Cth), approval is given for the Company to approve an equity incentive plan, being the proposed "Equity Incentive Plan" (EIP), and to issue Equity Securities under the EIP as an exception to Listing Rule 7.1, on the terms and conditions as set out or described in the Explanatory Statement which accompanies and forms part of the Notice of Meeting."

A voting exclusion statement as set out below in this Notice applies to this Resolution.

SPECIAL BUSINESS:

Resolution 6: Approval of 10% Placement Facility

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

"That, pursuant to and in accordance with Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities up to 10% of the fully paid ordinary issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions in the Explanatory Statement which accompanies and forms part of the Notice of the Meeting."

A voting exclusion does not apply to this Resolution.

By order of the Board



Melanie Leydin

Company Secretary

Dated: 21 October 2022

Notes

1. **Entire Notice:** The details of the resolutions contained in the Explanatory Statement accompanying this Notice of Meeting should be read together with, and form part of, this Notice of Meeting.
2. **Record Date:** The Company has determined that for the purposes of the Annual General Meeting, Shares will be taken to be held by the persons who are registered as holding the shares at 7.00pm (AEDT) on the date 48 hours before the date of the Annual General Meeting. Only those persons will be entitled to vote at the Annual General Meeting and transfers registered after that time will be disregarded in determining entitlements to attend and vote at the Annual General Meeting. On a poll, members have one vote for every fully paid ordinary share held.

3. Voting

Each of the resolutions proposed at the Meeting will be decided on a poll.

4. Proxies

- a. Votes at the Annual General Meeting may be given personally or by proxy, attorney or representative.
- b. Each Shareholder has a right to appoint one or two proxies.
- c. A proxy need not be a Shareholder of the Company.
- d. If a Shareholder is a company it must execute under its common seal or otherwise in accordance with its constitution or the Corporations Act.
- e. Where a Shareholder is entitled to cast two or more votes, the Shareholder may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise.
- f. If a Shareholder appoints two proxies, and the appointment does not specify the proportion or number of the Shareholder's votes, each proxy may exercise half of the votes. If a Shareholder appoints two proxies, neither proxy may vote on a show of hands.
- g. A proxy must be signed by the Shareholder or their attorney who has not received any notice of revocation of the authority. Proxies given by corporations must be signed in accordance with corporation's constitution and the Corporations Act.
- h. If you sign the proxy form and do not appoint a proxy, you will have appointed the Chair of the meeting as your proxy.
- i. To be effective, proxy forms must be received by the Company's share registry (Boardroom Pty Limited) no later than 48 hours before the commencement of the Annual General Meeting, this is no later than 11.00am (AEDT) on Sunday, 20 November 2022. Any proxy received after that time will not be valid for the scheduled meeting.

5. Corporate Representative

Any corporate Shareholder who has appointed a person to act as its corporate representative at the Meeting should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative. The authority may be sent to the Company and/or registry in advance of the Meeting or handed in at the Meeting when registering as a corporate representative.

6. How the Chair will vote Undirected Proxies

Subject to the restrictions set out in Note 7 below, the Chair of the meeting will vote undirected proxies in favour of all of the proposed resolutions. In exceptional circumstances, the Chair may change their voting intention on the Resolution, in which case an ASX announcement will be made. Shareholders may also choose to direct the Chair to vote against the Resolution or to abstain from voting.

7. Voting Exclusion Statement:

Resolution 1

In accordance with sections 250R(4) and 250BD(1) of the Corporations Act, a vote must not be cast (in any capacity, including as a proxy), and the Company will disregard any votes purported to be cast, on this Resolution by, or on behalf of, a member of the Key Management Personnel, details of whose remuneration are included in the remuneration report, or a Closely Related Party of such a member (**KMP voter**), unless the KMP voter is casting a vote on this Resolution on behalf of a person who is not a KMP voter (including as a proxy) and either:

- (a) the KMP voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the resolution; or
- (b) the KMP voter is by the Chair of the meeting and the appointment of the Chair as proxy:
 - a. does not specify the way the proxy is to vote on the resolution; and
 - b. 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 the consolidated entity.

If you appoint the Chair as your proxy and you do not direct the Chair how to vote, you will be expressly authorising the Chair to exercise the proxy even if the relevant resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company.

If the Chair of the Meeting is appointed as a proxy for a person who is permitted to vote on this Resolution, the Chair will vote any proxies which do not indicate on their Proxy Form the way the Chair must vote, in favour of this Resolution. In exceptional circumstances, the Chair may change his or her voting intention on the Resolution, in which case an ASX announcement will be made. Shareholders may also choose to direct the Chair to vote against the Resolution or to abstain from voting.

If you purport to cast a vote other than as permitted above, that vote will be disregarded by the Company (as indicated above) and you may be liable for breaching the voting restrictions that apply to you under the Corporations Act.

Resolutions 2, 3 and 4

There are no voting exclusions on these Resolutions.

Resolution 5

The Company will disregard any votes cast in favour on this resolution by or on behalf of a person who is eligible to participate in the EIP and any associate of that person or persons.

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

- (a) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or 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:
 - 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
 - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

A further restriction also applies to Key Management Personnel and their closely related parties voting undirected proxies on these resolutions – see **Restriction on KMPs voting undirected proxies** below.

Resolution 6

As at the date of dispatch of this Notice, the Company is not proposing to make an issue of Equity Securities under Listing Rule 7.1A.2 and, therefore, a voting exclusion statement on this Resolution is not currently required by Listing Rule 7.3A.7.

However, if, between the date of dispatch of this Notice and the date of the Meeting, the Company proposes to make an issue of Equity Securities under Listing Rule 7.1A.2, the Company will disregard votes cast in favour of Resolution 6 by or on behalf of:

- (a) any person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder or ordinary securities in the Company); or
- (b) an associate of that person or those persons.

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

- (a) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or 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 Resolution 6; and
 - ii. the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

8. Special Resolutions

Resolution 6 is proposed as a special resolution. For a special resolution to be passed, at least 75% of the votes validly cast on the resolution by shareholders (by number of shares) must be in favour of the resolution.

9. Restriction on KMPs voting undirected proxies:

A vote must not be cast as proxy on any of Resolutions 1 or 5 by a member of the Key Management Personnel (as defined by the Corporations Act) or a closely related party of Key Management Personnel.

However, a person described above (a “**Restricted Voter**”) may cast a vote on any of Resolutions 1 or 5 as a proxy if:

- (a) The Restricted Voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the resolution(s); or
- (b) The Chair is the Restricted Voter and the written appointment of the Chair as proxy does not specify the way the proxy is to vote on the resolution(s) and expressly authorises the Chair to exercise the proxy even though the resolution(s) is or are connected with the remuneration of a member of the Key Management Personnel.

If you appoint the Chair as your proxy and you do not direct the Chair how to vote, you will be expressly authorising the Chair to exercise the proxy even if the relevant resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company.

10. Enquiries

Shareholders are invited to contact the Company Secretary on (03) 9692 7222 if they have any queries in respect of the matters set out in these documents.

EXPLANATORY STATEMENT

Purpose of Information

This Explanatory Statement (**Statement**) accompanies and forms part of the Company's Notice of Annual General Meeting (**Notice**) for the 2022 Annual General Meeting (**Meeting**).

The Notice incorporates, and should be read together, with this Statement.

Receipt and consideration of Accounts & Reports

A copy of the Annual Report for the financial year ending 30 June 2022 which incorporates the Company's Financial Report, Directors' Report (including the Remuneration Report and the Auditors' Report) is not enclosed as there is no longer a requirement for the Company to incur the printing and distribution cost associated with doing so for all Shareholders. You may obtain a copy free of charge in hard copy form by contacting the Company by phone at (03) 9692 7222, and you may request that this occurs on a standing basis for future years.

Alternatively, you may access the Annual Report at the Company's website: <https://larkdistillery.com/investor-centre/> or via the Company's announcement platform on ASX.

Except for as set out in Resolution 1, no resolution is required on these reports.

Shareholders will have the opportunity to ask questions about or make comments on, the 2022 Annual Report and the management of the Company. The auditor will be invited to attend, to answer questions about the audit of the Company's 2022 Annual Financial Statements.

Resolution 1: Adoption of Remuneration Report

Background

Section 250R(2) of the Corporations Act requires that a resolution to adopt the Remuneration Report must be put to the vote at the Annual General Meeting. The vote on this Resolution is advisory only and does not bind the Directors or the Company.

The Remuneration Report is set out in the Directors' Report in the Company's 2022 Annual Report. The Remuneration Report sets out the Company's remuneration arrangements for the Directors and senior management of the Company.

In accordance with Section 250SA of the Corporations Act, Shareholders will be provided with a reasonable opportunity to ask questions concerning, or make comments on, the Remuneration Report at the Annual General Meeting.

In accordance with Division 9 of Part 2G.2 of the Corporations Act, if twenty five (25%) per cent or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive Annual General Meetings, Shareholders will be required to vote at the second of those Annual General Meetings on a resolution (a "spill resolution") that another meeting be held within 90 days at which all of the Company's Directors (other than the Managing Director) must go up for re-election.

It is noted that at the Company's last Annual General Meeting, the votes cast against the Remuneration Report represented less than twenty-five (25%) per cent of the total votes cast on that resolution and accordingly, a spill resolution will not under any circumstances be required for this Meeting.

The Directors will consider the outcome of the vote and comments made by Shareholders on the Remuneration Report at the Meeting when reviewing the Company's remuneration policies.

Board Recommendation

Noting that each Director has a personal interest in their own remuneration from the Company (as such interests are described in the Remuneration Report) and, as described in the voting exclusions on this Resolution (set out in the Notice of Annual General Meeting), that each Director (or any Closely Related Party of a Director) is excluded from voting their shares on this Resolution, the Directors unanimously recommend that Shareholders vote in favour of this Resolution to adopt the Remuneration Report.

Voting Exclusions

Refer to Note 7 for voting exclusions.

Resolution 2: Re-election of Mr Domenic Panaccio as a Director of the Company

Background

In accordance with ASX Listing Rule 14.5 and the Company's Constitution, Mr Domenic Panaccio will retire at the Annual General Meeting and, being eligible, will offer himself for election at the Meeting.

Mr Panaccio was appointed as a Director of the Company on 1 March 2022. Mr Panaccio has had a long and distinguished career spanning over 40 years in senior management of large public companies. From 2010 to 2014, Mr Panaccio was Chief Executive Officer of Westfield Retail Trust, one of the largest ASX listed property trusts in Australia at that time.

Mr Panaccio previously held a number of senior positions including Chief Financial Officer of Westfield America and Chief Financial Officer for the Foster's Group Wine Division, Beringer Blass Wine Estates. He served as director for a number of private and public companies including Westfield Retail Trust, RE (NZ) Finance Ltd, Re1 Limited and Re2 Limited.

Mr Panaccio is a Certified Public Accountant, a Graduate and member of the Australian Institute of Company Directors and a director of the Asia Pacific Real Estate Association as well as a number of private companies. Mr Panaccio previously served as a director of the Italian Chamber of Commerce.

The Company confirms it has conducted appropriate checks into Mr Panaccio's background and experience and it considers Mr Panaccio to be an independent director.

Board Recommendation

The Board (with Mr Panaccio abstaining) recommends that Shareholders vote in favour of the election of Mr Panaccio as it considers that his experience, skills and expertise are appropriate for the Board position and will enable him to act in the best interests of the Company and its shareholders. The Chair of the meeting intends to vote undirected proxies in favour of Mr Panaccio's election.

Voting Exclusions

There are no voting exclusions on this resolution.

Resolution 3: Re-election of Mr David Dearie as a Director of the Company

Background

In accordance with ASX Listing Rule 14.5 and the Company's Constitution, Mr David Dearie will retire at the Annual General Meeting and, being eligible, will offer himself for re-election at the Meeting.

Mr Dearie was appointed as a Director of the Company on 20 May 2019. Mr Dearie occupies the position of Non-Executive Chair for Lark Distilling Co. Ltd. and President & Chief Executive Officer at Ste. Michelle Wine Estates Ltd. He is also Member of Hotel Catering & Institutional Management Association.

In his past career, Mr Dearie held the position of Chief Executive Officer, Executive Director & MD at Treasury Wine Estates Ltd., Managing Director-Western Europe & Africa at Brown-Forman Corp., Managing Director-Australia & New Zealand Wine at Foster's Group Pty Ltd. and Regional Director-South East Asia at Inchcape Australia Ltd.

The Company does not consider Mr Dearie to be an independent director, as he has served as an Executive Director within the past 3 years.

Board Recommendation

The Board (with Mr Dearie abstaining) recommends that Shareholders vote in favour of the election of Mr Dearie as it considers that his experience, skills and expertise are appropriate for the Board position and will enable him to act in the best interests of the Company and its shareholders. The Chair of the meeting intends to vote undirected proxies in favour of Mr Dearie's election.

Voting Exclusions

There are no voting exclusions on this resolution.

Resolution 4: Re-election of Mr Warren Randall as a Director of the Company

Background

In accordance with ASX Listing Rule 14.5 and the Company's Constitution, Mr Warren Randall will retire at the Annual General Meeting and, being eligible, will offer himself for re-election at the Meeting.

Mr Randall was appointed as a Director of the Company on 21 May 2019. Mr Randall has degrees in Agricultural Science and Wine Science and has extensive experience in the Australian wine industry, with over 40 years' involvement in wine operations and management. He has managed Australian vintages at numerous locations, including Wynn Winegrowers, Seaview Champagne, Lindemans and Seppeltsfield, and has completed international vintages in California, Champagne, Bordeaux and Spain. Mr Randall currently operates the Randall Wine Group, the largest private, premium vineyard holding in Australia, which includes Seppeltsfield Estate, Tinlins Wines and Ryecroft Wines in McLaren Vale, and encompasses approximately 8,500 acres of premium South Australian vineyards.

Mr Randall was selected as the Ernst and Young "Entrepreneur of the Year" in the South Australian category, as recognition for his wine business acumen. He also received the "Len Evans Award" for "exemplary leadership in the Australian Wine Industry".

In addition to his wine business interests, Mr Randall also has ownership interests in Bridgewater Mill restaurant in the Adelaide Hills and the Star of Greece restaurant on the Fleurieu Peninsula and is a Director of Widara Heritage Pork.

The Company considers Mr Randall an independent director.

Board Recommendation

The Board (with Mr Randall abstaining) recommends that Shareholders vote in favour of the election of Mr Randall as it considers that his experience, skills and expertise are appropriate for the Board position and will enable him to act in the best interests of the Company and its shareholders. The Chair of the meeting intends to vote undirected proxies in favour of Mr Randall's election.

Voting Exclusions

There are no voting exclusions on this resolution.

Resolutions 5: Approval of the issue of Equity Securities under the Company's Equity Incentive Plan

Background

Resolution 5 seeks shareholder approval for the adoption of a proposed employee incentive scheme to be known as the "Lark Distilling Co. Ltd Equity Incentive Plan" (**EIP**). The EIP would replace a previous employee incentive plan approved at the Company's 2019 Annual General Meeting.

The Board is committed to incentivising and retaining the Company's Directors, employees and consultants in a manner which promotes alignment of their interests with shareholder interests. Additionally, the Board considers equity-based compensation an integral component of the Company's remuneration platform as it allows it to be fiscally prudent by conserving cash resources while still enabling it to offer market-competitive remuneration arrangements.

The EIP is regarded as an employee incentive scheme for the purposes of Listing Rule 7.2. A copy of the EIP will be provided without charge to members on request.

Approval of the EIP and any equity securities to be issued pursuant to the EIP is sought pursuant to Listing Rule 7.2, Exception 13(b). Further details relating to Listing Rules requirements are set out below.

The EIP is intended to enable participants to share in any increase in the Company's value (as measured by the share price) beyond the date of allocation of the equity securities. A summary of the terms of the EIP is set out later in these Explanatory Notes.

Any issue of shares under the EIP to Directors, or their associates, will still require approval by members under Listing Rule 10.14.

ASX Listing Rules

Listing Rule 7.1 provides generally that a company may not issue shares or securities convertible into shares equal to more than 15% of the company's issued share capital in any consecutive 12 month period without obtaining shareholder approval, unless the issue fits into one of the exceptions contained in Listing Rule 7.2. Listing Rule 7.2 exception 13(b) effectively provides that securities issued pursuant to an employee incentive scheme are not included in the calculation of the 15% for Listing Rule 7.1 purposes provided the employee incentive scheme and the securities to be issued pursuant to the EIP have been approved by members within the previous 3 years.

Accordingly, shareholder approval is sought pursuant to this Resolution 6 in order for the Company to continue to be able to issue equity securities pursuant to the EIP and have those equity securities qualify under Listing Rule 7.2 exception 13(b) as an exception to Listing Rule 7.1 for a further 3 years from the date of approval.

If this Resolution is approved by Shareholders, it will have the effect of enabling the securities issued by the Company under the EIP to be automatically excluded from the formula to calculate the number of securities which the Company may issue within the 15% in 12 months limit under ASX Listing Rule 7.1 during the next three-year period.

If this Resolution is not approved by Shareholders, any securities issued by the Company under the EIP, other than those issued with Shareholder approval under another Listing Rule, will be automatically included in the formula to calculate the number of securities which the Company may issue within the 15% in 12 months limit under ASX Listing Rule 7.1 and will be issued from the Company's Listing Rule 7.1 capacity.

Information required for Listing Rule 7.2, exception 13(b)

Listing Rule 7.2, exception 13(b) requires the following information to be provided to members:

Summary of Terms and Conditions of the Company's Equity Incentive Plan

(a) Options & Performance Rights

Under the Plan, the Company may offer or issue to eligible employees:

- (i) **Options:** means an option issued to a Participant under the Plan to acquire a Share, subject to the terms of the Offer and these Rules.
- (ii) **Performance Rights:** means a conditional right issued to a Participant under the Plan to receive a Share, subject to the terms of the Offer and these Rules.

(b) Eligible Employees

Options & Rights may be granted to an Employee whom the Board determines is to be issued (or transferred) Shares, Options or Rights under the Plan.

An Employee means:

- (i) a full-time or part-time employee of a body corporate in the Group (including any employee on parental leave, long service leave or other special leave as approved by the Board);
- (ii) a director of a body corporate in the Group who holds a salaried employment or office in a body corporate in the Group;
- (iii) a Director (whether executive or non-executive); or
- (iv) a Deemed Eligible Employee.

(c) Price

The Issue Price (if any) in respect of a Share, Option or Right and the Exercise Price (if any) in respect of an Option or Right is as determined by the Board.

(d) Vesting and exercise of Options & Rights

The Options or Rights held by a participant in the Plan will vest in and become exercisable by that participant upon the satisfaction of any vesting conditions specified in the offer and in accordance with the rules of the Plan. Vesting conditions may be waived at the absolute discretion of the Board (unless such waiver is excluded by the terms of the Options or Rights).

(e) Corporate control event

If a Corporate Control Event occurs, all Unvested Shares, Unvested Options and Unvested Rights held by a Participant will vest.

If a Corporate Control Event occurs, the Company shall provide a Participant with 3 days' notice of the impending expiry of all Vested Shares, Vested Options and Vested Rights held by the Participant, and if they have not been exercised following the expiry of that 3 day period then they will lapse.

(f) Clawback

If any vesting conditions of an Option or Right are mistakenly waived or deemed satisfied when in fact they were not satisfied, then in accordance with the terms of the Plan, the Board may determine that the relevant Options or Rights expire and are incapable of being exercised (if not yet exercised), or it may otherwise recover from the relevant participant the after tax value of the vested Options or Rights which have been converted into shares.

(g) Re-organisation of share capital

If there is a reorganisation of capital of the Company (whether before or during the Exercise Period) then the rights of a Participant (including the number of Options or Rights to which each Participant is entitled and the Exercise Price, if any) are amended in accordance with the Listing Rules or as would be required by the Listing Rules if the Company was subject to the Listing Rules at the time of the reorganisation.

Securities already issued

Since the adoption of the previous employee incentive plan (**2019 Plan**), the Company has issued 233,335 Options and 20,565,000 Rights under the 2019 Plan.

Maximum number of Equity Securities proposed to be issued

Approval is being sought under Resolution 5 to issue up to 3,766,152 Equity Securities under the EIP following the approval. Any additional issues under the EIP above that number during the three year period following approval would require further shareholder approval.

Directors Recommendations

As the Directors of the Company are excluded from voting pursuant to the Listing Rules, they make no recommendation to the shareholders in respect of the EIP.

The Chairman intends to vote undirected proxies in favour of this Resolution .

Voting Exclusions

Refer to Note 7 for voting exclusions.

Resolution 6: Approval of 10% Placement Facility

Background

Listing Rule 7.1A enables eligible entities to issue Equity Securities up to 10% of its issued share capital through placements over a 12-month period after the Annual General Meeting ("**10% Placement Facility**"). The 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is, at the date of this Notice, an eligible entity.

The Company is seeking shareholder approval by way of a special resolution to have the ability, if required, to issue Equity Securities under the 10% Placement Facility. The effect of this Resolution will be to allow the Directors to issue Equity Securities under Listing Rule 7.1A during the 10% Placement Period (as described below) without using the Company's 15% placement capacity under Listing Rule 7.1.

If Shareholders approve this Resolution, the number of Equity Securities permitted to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (see below).

If this Resolution 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 further shareholder approval.

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

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

Description of Listing Rule 7.1A

(a) Shareholder approval

The ability to issue Equity Securities under the 10% Placement Facility is subject to shareholder approval by way of a special resolution at an annual general meeting. This means it requires approval of 75% of the votes cast by shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate shareholder, by a corporate representative).

(b) Equity Securities

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

The Company, as at the date of the Notice, has the following quoted class of Equity Securities on issue: Fully Paid Ordinary Shares.

(c) Formula for calculating 10% Placement Facility

Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an Annual General Meeting may issue or agree to issue, during the 12-month period after the date of the Annual General Meeting, a number of Equity Securities calculated in accordance with the following formula:

$$(A \times D) - E$$

A is the number of shares on issue at the commencement of the "relevant period" (which, for the Company, is the 12 month period immediately preceding the date of the issue or agreement):

- (A) plus the number of fully paid shares issued in the relevant period under an exception in Listing Rule 7.2, other than exception 9, 16 or 17;
- (B) plus the number of fully paid shares issued in the relevant period on the conversion of convertible securities within rule 7.2 exception 9 where:

- (i) the convertible securities were issued or agreed to be issued before the commencement of the relevant period; or
 - (ii) the issue of, or agreement to issue, the convertible securities was approved, or taken under the Listing Rules to have been approved, under rule 7.1 or rule 7.4;
- (C) plus the number of fully paid shares issued in the relevant period under an agreement to issue securities within rule 7.2 exception 16 where:
- (i) the agreement was entered into before the commencement of the relevant period; or
 - (ii) the agreement or issue was approved, or taken under the Listing Rules to have been approved, under rule 7.1 or rule 7.4;
- (D) plus the number of fully paid shares issued in the relevant period with approval of holders of shares under Listing Rules 7.1 or 7.4;
- (E) plus the number of partly paid shares that became fully paid in the relevant period;
- (F) less the number of fully paid shares cancelled in the relevant period.

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

D is 10%

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

(d) Listing Rule 7.1 and Listing Rule 7.1A

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

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

(e) Nature of consideration for issue and Minimum Issue Price

The Equity Securities issued under Listing Rule 7.1A must be issued for a cash consideration per security which must be not less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 trading days on which trades in that class were recorded immediately before:

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

(f) 10% Placement Period

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A is valid from the date of the Annual General Meeting at which the approval is obtained and expires on the first to occur of the following:

- (i) the date that is 12 months after the date of the Annual General Meeting at which the approval is obtained;
- (ii) the time and date of the Company's next annual general meeting;
- (iii) the time and date of the approval by shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking).

(10% Placement Period).

Specific information required by Listing Rule 7.3A

Pursuant to and in accordance with Listing Rule 7.3A, information is provided in relation to the approval of the 10% Placement Facility as follows:

- (a) If this Resolution is approved by Shareholders, the period for which the Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A commences on the date of the Annual General Meeting at which the approval is obtained, being 22 November 2022, and expires on the first to occur of the following:
- (i) the date that is 12 months after the date of the Annual General Meeting at which the approval is obtained, being 22 November 2023;
 - (ii) the time and date of the Company's next annual general meeting;
 - (iii) the time and date of the approval by shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking).
- (b) The Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities in the same class calculated over the 15 trading days on which trades in that class were recorded immediately before:
- (i) the date on which the price at which the Equity Securities are to be issued is agreed by the Company and the recipient of the securities; or
 - (ii) if the Equity Securities are not issued within 10 trading days of the date in paragraph (i) above, the date on which the Equity Securities are issued.
- (c) The purposes for which the funds raised by an issue of Equity Securities under rule 7.1A.2 may be used by the Company include:
- (i) consideration for the acquisition(s) of the new assets and investments, including the expenses associated with such acquisition(s); and
 - (ii) continued expenditure on the Company's current business and/or general working capital.
- (d) If this Resolution is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted as shown in the table below. Shareholders may also be exposed to economic risk and voting dilution, including the following:
- (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Annual General Meeting; and
 - (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date,

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

The below table shows the potential dilution of existing Shareholders on the basis of the market price of Shares as at 3 October 2022 (**Current Share Price**) and the current number of ordinary securities for variable "A" calculated in accordance with the formula in Listing Rule 7.1A(2) as at the date of this Notice.

The table also shows:

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

Variable 'A' in Listing Rule 7.1A.2		Issue Price		
		\$1.07 50% decrease in Current Share Price	\$2.14 Current Share Price	\$4.28 100% increase in Current Share Price
Current Variable A 75,323,044 Shares	10% Voting Dilution	7,532,304 Shares		
	Funds raised	\$8,059,565	\$16,119,130	\$32,238,261
50% increase in current Variable A 112,984,566 Shares	10% Voting Dilution	11,298,456 Shares		
	Funds raised	\$12,089,347	\$24,178,695	\$48,357,391

100% increase in current Variable A 150,646,088 Shares	10% Voting Dilution	15,064,608 Shares		
	Funds raised	\$16,119,130	\$32,238,261	\$64,476,522

The table has been prepared on the following assumptions:

- The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
 - No Options are exercised into Shares or other convertible securities are converted to Shares before the date of the issue of the Equity Securities;
 - 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%.
 - The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of the Annual General Meeting.
 - The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
 - The issue of Equity Securities under the 10% Placement Facility consists only of Shares. If the issue of Equity Securities includes Listed Options, it is assumed that those Listed Options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
 - The Current Share Price is \$2.14 being the closing price of the Shares on ASX on 3 October 2022.
- (e) The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to relevant factors including, but not limited to, the following:
- (i) the methods of raising funds that are available to the Company, including but not limited to, rights issues or other issues in which existing security holders can participate;
 - (ii) the effect of the issue of the Equity Securities on the control of the Company;
 - (iii) the financial situation and solvency of the Company; and
 - (iv) advice from corporate, financial and broking advisers (if applicable).
- The allottees under the 10% Placement Facility have not been determined as at the date of this Notice but may include existing substantial Shareholders, subject to compliance with Listing Rule 10.11, and/or new Shareholders who are not related parties or associates of a related party of the Company.
- (f) The Company:
- (i) has not issued, nor agreed to issue, any Equity Securities under Rule 7.1A.2 in the 12 month period preceding the date of the Meeting; and
 - (ii) had not agreed, before the 12 month period referred to in the preceding paragraph, to issue any Equity Securities under rule 7.1A.2 where such securities remain unissued as at the date of the Meeting.

Directors Recommendations

The Directors of the Company believe that this Resolution is in the best interests of the Company and unanimously recommend that Shareholders vote in favour of this Resolution.

The Chair of the Meeting intends to vote undirected proxies in favour of this resolution.

Voting Exclusions

As at the date of dispatch of this Notice, the Company is not proposing to make an issue of Equity Securities under Listing Rule 7.1A.2 and, therefore, a voting exclusion statement is not required by Listing Rule 7.3A.7.

GLOSSARY

The following terms have the following meanings in this Explanatory Statement:

“\$” means Australian Dollars;

10% Placement Facility has the meaning as defined in the Explanatory Statement for Resolution 6

“**Annual Report**” means the Directors’ Report, the Financial Report, and Auditor’s Report, in respect to the year ended 30 June 2022;

“**ASX**” means ASX Limited ABN 98 008 624 691 or the Australian Securities Exchange, as the context requires;

“**Auditor’s Report**” means the auditor’s report on the Financial Report;

“**AEDT**” means Australian Eastern Daylight Time.

“**Board**” means the Directors acting as the board of Directors of the Company or a committee appointed by such board of Directors;

“**Chair**” means the person appointed to chair the Meeting of the Company convened by the Notice;

“**Closely Related Party**” means:

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

“**Company**” means Lark Distilling Co. Ltd Limited ACN 104 600 544;

“**Constitution**” means the constitution of the Company as at the date of the Meeting;

“**Corporations Act**” means the Corporations Act 2001 (Cth);

“**Director**” means a Director of the Company;

“**EIP**” means the Equity Incentive Plan;

“**Equity Security**” has the same meaning as in the Listing Rules;

“**Explanatory Statement**” means the Explanatory Statement which forms part of the Notice;

“**Financial Report**” means the annual financial report prepared under Chapter 2M of the Corporations Act for the Company and its controlled entities;

“**Key Management Personnel**” or “**KMP**” means persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company;

“**Listing Rules**” means the Listing Rules of the ASX;

“**Meeting**” has the meaning given in the introductory paragraph of the Notice;

“**Notice**” means the Notice of Meeting accompanying this Explanatory Statement;

“**Option**” means an option to acquire a Share;

“**Proxy Form**” means the proxy form attached to the Notice;

“**Remuneration Report**” means the remuneration report which forms part of the Directors’ Report of the Company for the financial year ended 30 June 2022 and which is set out in the Annual Report.

“**Resolution**” means a resolution referred to in the Notice;

“**Right**” means a performance right issued under the EIP;

“**Schedule**” means schedule to the Notice;

“**Section**” means a section of the Explanatory Statement ;

“**Share**” means a fully paid ordinary share in the capital of the Company;

“**Shareholder**” means shareholder of the Company;

“**Trading Day**” means a day determined by ASX to be a trading day in accordance with the Listing Rules;

“**VWAP**” means volume weighted average market price as defined in Listing Rule 19.12.



Lark Distilling Co.

All Correspondence to:

- ✉ **By Mail** Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001 Australia
- 📠 **By Fax:** +61 2 9290 9655
- 💻 **Online:** www.boardroomlimited.com.au
- ☎ **By Phone:** (within Australia) 1300 737 760
(outside Australia) +61 2 9290 9600

YOUR VOTE IS IMPORTANT

For your vote to be effective it must be recorded **before 11:00am (AEDT) Sunday 20 November 2022.**

🖥 TO VOTE ONLINE

- STEP 1: VISIT** <https://www.votingonline.com.au/lrkagm2022>
- STEP 2: Enter your Postcode OR Country of Residence (if outside Australia)**
- STEP 3: Enter your Voting Access Code (VAC):**

📱 BY SMARTPHONE



Scan QR Code using smartphone
QR Reader App

TO VOTE BY COMPLETING THE PROXY FORM

STEP 1 APPOINTMENT OF PROXY

Indicate who you want to appoint as your Proxy.

If you wish to appoint the Chair of the Meeting as your proxy, mark the box. If you wish to appoint someone other than the Chair of the Meeting as your proxy please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting, the Chair of the Meeting will be your proxy. A proxy need not be a securityholder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by contacting the company's securities registry or you may copy this form.

To appoint a second proxy you must:

- complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- return both forms together in the same envelope.

STEP 2 VOTING DIRECTIONS TO YOUR PROXY

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

Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the meeting must have provided an "Appointment of Corporate Representative" prior to admission. An Appointment of Corporate Representative form can be obtained from the company's securities registry.

STEP 3 SIGN THE FORM

The form **must** be signed as follows:

Individual: This form is to be signed by the securityholder.

Joint Holding: where the holding is in more than one name, all the securityholders should sign.

Power of Attorney: to sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: this form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form should be signed by that person. **Please indicate the office held by signing in the appropriate place.**

STEP 4 LODGEMENT

Proxy forms (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the meeting, therefore by **11:00AM (AEDT) on Sunday, 20 November 2022.** Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy forms may be lodged using the enclosed Reply Paid Envelope or:

🖥 **Online** <https://www.votingonline.com.au/lrkagm2022>

📠 **By Fax** + 61 2 9290 9655

✉ **By Mail** Boardroom Pty Limited
GPO Box 3993,
Sydney NSW 2001 Australia

👤 **In Person** **Until 21 October 2022**
Boardroom Pty Limited
Level 12, 225 George Street,
Sydney NSW 2000 Australia

From 24 October 2022
Boardroom Pty Limited
Level 8, 210 George Street
Sydney NSW 2000 Australia

Attending the Meeting

If you wish to attend the meeting please bring this form with you to assist registration.

☐
Your Address

This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction in the space to the left. Securityholders sponsored by a broker should advise their broker of any changes.

Please note, you cannot change ownership of your securities using this form.

PROXY FORM

STEP 1 APPOINT A PROXY

I/We being a member/s of **Lark Distilling Co. Ltd** (Company) and entitled to attend and vote hereby appoint:

☐

the **Chair of the Meeting** (mark box)

OR if you are **NOT** appointing the Chair of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered securityholder) you are appointing as your proxy below

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Meeting as my/our proxy at the Annual General Meeting of the Company to be held at **Lark Distillery at Pontville, 76 Shene Road Pontville TAS 7030 on Tuesday, 22 November 2022 at 11:00am (AEDT)** and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

Chair of the Meeting authorised to exercise undirected proxies on remuneration related matters: If I/we have appointed the Chair of the Meeting as my/our proxy or the Chair of the Meeting becomes my/our proxy by default and I/we have not directed my/our proxy how to vote in respect of Resolution 1, I/we expressly authorise the Chair of the Meeting to exercise my/our proxy in respect of this Resolution even though Resolution 1 is connected with the remuneration of a member of the key management personnel for the Company.

The Chair of the Meeting will vote all undirected proxies in favour of all Items of business (including Resolution 1). If you wish to appoint the Chair of the Meeting as your proxy with a direction to vote against, or to abstain from voting on an item, you must provide a direction by marking the 'Against' or 'Abstain' box opposite that resolution.

STEP 2 VOTING DIRECTIONS

* If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your vote will not be counted in calculating the required majority if a poll is called.

		For	Against	Abstain*
Resolution 1	Adoption of Remuneration Report	☐	☐	☐
Resolution 2	Election of Mr Domenic Panaccio as a Director of the Company	☐	☐	☐
Resolution 3	Re-election of Mr David Dearie as a Director of the Company	☐	☐	☐
Resolution 4	Re-election of Mr Warren Randall as a Director of the Company	☐	☐	☐
Resolution 5	Approval of the issue of Equity Securities under Company's Equity Incentive Plan	☐	☐	☐
Resolution 6 <i>Special</i>	Approval of 10% Placement Facility	☐	☐	☐

STEP 3 SIGNATURE OF SECURITYHOLDERS

This form must be signed to enable your directions to be implemented.

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director / Company Secretary

Contact Name.....

Contact Daytime Telephone.....

Date / / 2022