

NOTICE OF EXTRAORDINARY GENERAL MEETING

Limited

This document constitutes the Notice of Meeting for an extraordinary general meeting (“EGM” or “Meeting”) of shareholders of Magontec Limited (ACN 010 441 666) (the “Company”, “Magontec” or “MGL”) (“Shareholders”). The EGM will be held on Friday 6 August 2021 at 11.00 am (AEST). Shareholders can participate in the Meeting either –

- a) physically in the offices of Magontec Limited at Suite 1.03, 46A Macleay St, Potts Point NSW 2011 or
- b) online by observing a two-step process –
 - i. **Pre-Register Attendance:** Register to attend the online meeting in advance by emailing the Company Secretary at john.talbot@magontec.com with a heading in the email “Attend 2021 EGM”. **This must be completed prior to Noon (AEST) 5 August 2021.** Failure to do so means you will **not** be able to access the online meeting.
 - ii. **Meeting Attendance:** Following registration, you will receive an email confirmation which details how to access the online meeting on the day.

Given the uncertainties which continue (at the date of this Notice) regarding the state of the Coronavirus pandemic, the Company encourages shareholders to consider the option of online attendance.

The business to be dealt with at the Meeting is:

ORDINARY BUSINESS

ITEM 1: Consolidation of Shares (ordinary resolution) (Refer “Explanatory Notes” at the foot of this Notice)

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

Resolution 1 “That pursuant to section 254H of the *Corporations Act 2001* (Cth), ASX Listing Rule 7.22.1 in relation to part c) of this Resolution and for all other purposes, with effect from Friday 13 August 2021 at the shares of the Company will be consolidated on the basis that:

- a) every fifteen (15) fully paid ordinary shares in the Company be consolidated into one fully paid ordinary share in the Company;
- b) every fifteen (15) Performance Rights held by certain staff as a right which may convert into ordinary shares in the company be consolidated into one Performance Right;
- c) the share price triggers to be satisfied for conversion of the Performance Rights to ordinary shares be increased by fifteen (15) times;

and, where the number of shares held by a shareholder of the Company or Performance Rights held by staff as a result of the consolidation effected by paragraphs a) and b) of this resolution includes any fraction of a share or a Performance Right, the Company be authorised to round up that fraction of a share or Performance Right to the next whole number of shares or Performance Rights. (“Consolidation”)

QUESTIONS/COMMENTS FROM SHAREHOLDERS

In accordance with the duties imposed upon the Chairman of the Meeting by the *Corporations Act 2001* (Cth) (**Corporations Act**), a reasonable opportunity will be provided to shareholders to ask questions about, or make comments upon, matters in relation to the Resolution. The following process will be adopted –

- a) Shareholders physically attending the meeting – pose questions/comments verbally in the customary format.
- b) Shareholders attending the meeting online - submit questions/comments in real time to a moderator via the online attendance programme. The moderator will relay those questions/comments to the meeting Chairman on behalf of the shareholder.

During the course of the meeting, the Chairman will seek to address as many shareholder questions as reasonably practicable.

DETERMINATION OF VOTING ENTITLEMENT

In accordance with Regulations 7.11.37 and 7.11.38 of the *Corporations Regulations 2001* (Cth), the Board has determined that a person’s entitlement to vote at the EGM will be the entitlement of that person set out in the register of Shareholders as at 7:00pm (AEST) on **Wednesday 4 August 2021**. Accordingly, transactions registered after that time will be disregarded in determining Shareholders’ entitlements to attend and vote at the EGM.

APPOINTING A PROXY

A member entitled to attend and vote at the Meeting may appoint a person, who need not be a Shareholder, as that member’s proxy to attend and vote on behalf of the member. If the member is entitled to cast two or more votes, the member may appoint two proxies to attend and vote instead of the member. Where more than one proxy is appointed, each proxy may be appointed to represent a specified portion of the member’s voting rights. If no such specification is given and two proxies are appointed, each may exercise half the votes to which the member is entitled. A proxy need not be a member. Proxies must be executed in accordance with the instructions in the notes accompanying the proxy form.

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To be valid, the signed proxy form (together with an original or certified copy of the power of attorney if applicable) must be:

- Lodged with Boardroom Pty Limited at Level 12, Grosvenor Place, 225 George St Sydney NSW 2000;
- Delivered by post to Boardroom Pty Limited GPO Box 3993, Sydney NSW 2001; or
- Sent by facsimile to Boardroom Pty Limited on +61 2 9290 9655,

so as to be received by Boardroom Pty Limited by 11:00 am (AEST) on **Wednesday 4 August 2021**, being not less than 48 hours before the time for holding the Meeting.

The Chair will vote undirected proxies in favour of Resolution 1.

If a member appoints the Chair as proxy, or the Chair is appointed as the member's proxy by default, and the proxy form does not specify whether to vote "For", "Against" or "Abstain", the appointment will be taken as a direction to the Chair to vote in accordance with the Chair's stated voting intention, which is to vote in favour of all resolutions.

Members always have the ability to appoint the Chair as their proxy and direct the Chair to vote contrary to the Chair's stated voting intention or to abstain from voting on a resolution.

EXPLANATORY NOTES

ITEM 1: Consolidation of Shares (ordinary resolution)

Section 254H of the Corporations Act provides that a company may convert its shares into a smaller number of shares by an ordinary resolution of shareholders at a general meeting.

The Company proposes to consolidate its shares through the conversion of every fifteen (15) ordinary shares in the Company held by Shareholders and every fifteen (15) Performance Rights on issue to certain staff into one ordinary share in the Company and one Performance Right respectively.

The market capitalisation of the Company will remain the same following the proposed Consolidation.

Under ASX Listing Rule 7.22.1, in a Consolidation of shares, the number of any unconverted options on issue immediately prior to the Consolidation being transacted, must be consolidated in the same ratio as the ordinary shares and the exercise price must be amended in inverse proportion to that ratio (i.e. increased fifteen (15) times). The Company does not have any options per se on issue. However, it does have Performance Rights (PRs) on issue to certain staff. PRs, although not options in the legal sense, have commercial characteristics similar to options (ie potential conversion into ordinary shares, a strike price and an expiry date). Therefore, the Board of the Company has considered it appropriate to apply ASX Listing Rule 7.22.1 to the PRs.

1. Background

If Resolution 1 is passed, the number of:

- ordinary shares on issue will reduce from 1,150,924,806 to 76,728,320 (subject to the effects of rounding at the individual shareholder level);
- Performance Rights on issue will reduce from 80,248,095 to 5,349,873 (subject to the effects of rounding at the individual holder level); and
- the share price triggers to be satisfied for conversion of the Performance Rights to ordinary shares will increase by fifteen (15) times.

2. Rationale for Consolidation

The Directors consider that undertaking the Consolidation and reducing the number of Shares on issue should, in isolation from all other factors that may influence the trading dynamics, create a more efficient capital structure which will likely be more appealing to professional and institutional investors and result in an improved trading environment (including reduced volatility).

3. Fractional entitlements

Not all Shareholders and staff holding PRs will hold a number of securities which can be evenly divided by fifteen (15). Where a fractional entitlement results, the Company will round that fraction up to the nearest whole number.

4. Taxation

The Company does not expect the Consolidation to result in any adverse taxation implications for Shareholders or PR holders. However, particular taxation implications will depend upon the circumstances of each Shareholder and PR holder. As such, Shareholders and PR holders are advised to seek and rely on their own professional advice in relation to their tax position. Neither the Company, nor any of its officers, employees or advisers assume or accept any liability or responsibility for any individual taxation implications arising from the Consolidation.

The proposed Consolidation will be undertaken in accordance with section 254H of the Corporations Act. There will be no change to the proportionate interests held by each Shareholder in the Company as a result of the Consolidation (subject to any effects of rounding up to the nearest number).

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5. Holding statements

On Friday 13 August 2021 all holding statements previously issued will cease to have any effect, except to act as evidence of entitlement to a certain number of securities on a post-Consolidation basis. On Thursday, 19 August 2021 the Company will arrange for new holding statements to be issued to Shareholders and Performance Rights holders.

It is the responsibility of each security holder to check the number of securities held prior to and post the Consolidation.

6. Effect on Capital Structure

The effect which the Consolidation will have on the Company's capital structure is set out in the tables below.

a) Total Capital Structure – Table 1

Col 1	Ordinary Listed Shares Col 2	Unlisted Performance Rights ¹ Col 3
Pre-Consolidation	1,150,924,806	80,248,095
Post 15:1 Consolidation	76,728,320	5,349,873

Col 3 figures are subject to the effects of rounding at the individual holder level

Note 1: The number of Performance Rights pre-Consolidation and post-Consolidation are set out in Tables 2 and 3 respectively.

The share price triggers under which the Performance Rights may convert into ordinary shares of the Company are set out at sub heading d) below.

b) Unlisted Performance Rights Pre-Consolidation - Table 2

Long Term Performance Period Col 1	Performance Rights Issued Col 2
1 Jan 2019 to 31 Dec 2021	18,967,955
1 Jan 2020 to 31 Dec 2022	19,137,124
1 Jan 2021 to 31 Dec 2023	42,143,016
Total	80,248,095

c) Unlisted Performance Rights Post-Consolidation - Table 3

Long Term Performance Period Col 1	Performance Rights Issued Col 2
1 Jan 2019 to 31 Dec 2021	1,264,531
1 Jan 2020 to 31 Dec 2022	1,275,808
1 Jan 2021 to 31 Dec 2023	2,809,534
Total	5,349,873

Col 2 figures are subject to the effects of rounding at the individual holder level

d) Share Price Triggers for Conversion of Performance Rights

At the 2020 Annual General Meeting of the Company, Shareholders approved a revision of the rules governing the Magontec Global Management Incentive Plan. The approval was in terms of Resolution 5a which implemented the "2020 Shareholder Approved Plan" ("the Plan"). The document referred to at Item 3 of Table 3 in the Explanatory Notes to Resolution 5 of the 2020 AGM set out the detailed terms of the Plan. Those detailed terms of the Plan can now be found at <http://magontec.com/wp-content/uploads/2021/03/Magontec-Limited-STI-LTI-Governing-Document-2020-SH-Approved-Plan-Per-Brd-Meeting-23-Feb-2021-2.pdf> or by going to <http://magontec.com/> then tab "Investor Centre" then tab "Corporate Governance" then click on document "STI LTI Governing Document – 2020 Shareholder Approved Plan Updated 23 February 2021" ("Governing Document").

In the Attachment in the Governing Document, Tables 1, 2 and 3 show the share price performance standards for the Long-Term Incentive Periods, 1 January 2019 to 31 December 2021, 1 January 2020 to 31 December 2022 and 1 January 2021 to 31 December 2023 respectively. Those share price performance standards will increase by fifteen (15) times to the values shown in Tables 4, 5 and 6 in this sub heading.

i. LTI Performance Period 1 January 2019 to 31 December 2021 – Altered Share Price Performance Standards - Table 4

Performance Level	Share Price ⁽¹⁾	% of Performance Rights vesting
Below threshold	Share price < \$0.984	0.00%
	Share price = \$0.984	25.00%
Threshold range	Share price > \$0.984	25.00% plus 0.06% for each 0.01 cent share price is over \$0.984
	Share price < \$1.384	50.00%
Target range	Share price = \$1.384	50.00% plus 0.11% for each 0.01 cent share price is over \$1.384
	Share price > \$1.845	100.00%
Stretch	Share price >= \$1.845	100.00%

Note 1: As measured by the 30-day volume weighted average price at the end of the LTI period

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ii. **LTI Performance Period 1 January 2020 to 31 December 2022 – Altered Share Price Performance Standards - Table 5**

Performance Level	Share Price ⁽¹⁾	% of Performance Rights vesting
Below threshold	Share price < \$0.984	0.00%
	Share price = \$0.984	25.00%
Threshold range	Share price > \$0.984	25.00% plus 0.06% for each 0.01 cent share price is over \$0.984
	Share price < \$1.384	
Target range	Share price = \$1.384	50.00%
	Share price > \$1.384	50.00% plus 0.11% for each 0.01 cent share price is over \$1.384
Stretch	Share price < \$1.845	
	Share price >= \$1.845	100.00%

Note 1: As measured by the 30-day volume weighted average price at the end of the LTI period

iii. **LTI Performance Period 1 January 2021 to 31 December 2023 – Altered Share Price Performance Standards - Table 6**

Performance Level	Share Price ⁽¹⁾	% of Performance Rights vesting
Below threshold	Share price < \$0.450	0.00%
	Share price = \$0.450	25.00%
Threshold range	Share price > \$0.450	25.00% plus 0.37% for each 0.01 cent share price is over \$0.450
	Share price < \$0.518	
Target range	Share price = \$0.518	50.00%
	Share price > \$0.518	50.00% plus 0.64% for each 0.01 cent share price is over \$0.518
Stretch	Share price < \$0.596	
	Share price >= \$0.596	100.00%

Note 1: As measured by the 30-day volume weighted average price at the end of the LTI period

7. Indicative timetable

If Resolution 1 is passed, the effects on the capital structure foreshadowed in heading 7 will take effect in accordance with the following timetable (as prescribed by Appendix 7A (paragraph 7) of the Listing Rules). If there should happen to be any changes to this timetable then those changes will be announced to ASX.

Event	Time Limits	Actual Business Day
1 Meeting of security holders to pass the necessary resolution approving the Consolidation effective on Friday, 13 August 2021 (per Resolution 1).		Friday, 6 August 2021
2 Effective date of Consolidation (as specified in the resolution approving the Consolidation)	Effective Date (being 5 working days after the EGM)	Friday, 13 August 2021
3 Last day for trading in pre-consolidation securities	1 Business Day after Effective Date (being 5 working days after EGM)	Monday, 16 August 2021
4 If agreed by ASX, trading in post-consolidation securities commences on a deferred settlement basis.	2 Business Days after Effective Date (being 5 working days after EGM)	Tuesday, 17 August 2021
5 Record Date Last day for entity to register transfers on a pre-consolidation basis.	3 Business Days after Effective Date (being 5 working days after EGM)	Wednesday, 18 August 2021
6 Entity to update share register and send holding statements to members reflecting the change in the number of securities held.	1 Business Day after Record Date	Thursday, 19 August 2021
7 Normal trading commences	2 Business Day after Record Date	Friday, 20 August 2021

8. Board recommendation

The Board unanimously recommends that Shareholders vote in favour of Resolution 1.

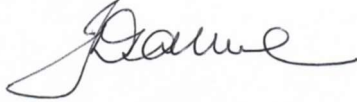
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9. No other material information

Other than as set out in this Notice of Meeting, and any other information previously disclosed to ASX or Shareholders, there is no other information that is known to the Board which may reasonably be expected to be material to the making of a decision by Shareholders whether or not to vote in favour of Resolution 1.

By order of the board.

A handwritten signature in black ink, appearing to read "J Talbot", written over a light blue rectangular stamp.

J Talbot
Company Secretary
24 June 2021

Helpline: If you have any questions regarding the meeting or proxy voting, please do not hesitate to contact the Company's share registrar **Boardroom Pty Limited** on 1300 737 760 for Australian shareholders or +61 2 9290 9600 for overseas shareholders.