



TORO ENERGY LIMITED

ABN: 48 117 127 590

2022 ANNUAL GENERAL MEETING

NOTICE OF MEETING AND EXPLANATORY MEMORANDUM

2:45PM (WST), MONDAY 28 NOVEMBER 2022

**COUNTRY WOMEN'S ASSOCIATION OF WA (INC) HOUSE, 1176 HAY STREET
WEST PERTH, WESTERN AUSTRALIA**

This Notice of Annual General Meeting and Explanatory Memorandum should be read in their entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser without delay.



TORO ENERGY LIMITED
ABN 48 117 127 590

NOTICE OF ANNUAL GENERAL MEETING

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of Toro Energy Limited will be held at Country Women's Association of WA (Inc) House, 1176 Hay Street, West Perth Western Australia, at 2:45pm (WST) on Monday, 28 November 2022.

The attached Explanatory Memorandum is provided to supply Shareholders with information to enable them to make an informed decision regarding the resolutions set out in this Notice. The business of the Annual General Meeting affects your shareholding in the Company and your vote is important.

The Explanatory Memorandum is intended to be read in conjunction with, and forms part of, this Notice. Terms and abbreviations used in this Notice are defined in the Glossary contained in the Explanatory Memorandum.

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

AGENDA

Financial, Directors' and Auditor's Report

To receive and consider the 2021 Annual Report and the reports of the Directors and the auditor to the Company thereon.

Resolution 1 – Adoption of the Remuneration Report (Non-Binding)

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

"That for the purposes of section 250R(2) of the Corporations Act, and for all other purposes, the Company adopt the Remuneration Report for the year ended 30 June 2022."

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

Voting Prohibition Statement

In accordance with sections 250BD and 250R of the Corporations Act, a vote on this Resolution must not be cast (in any capacity) 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.

A vote may be cast by such person if the vote is not cast on behalf of a person who is excluded from voting on this Resolution and:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the Resolution; or
- (b) the voter is the Chair and the appointment of the Chair as proxy does not specify the way the proxy is to vote on this Resolution but 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.

Resolution 2 – Re-election of Director Michel Marier

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

"That Michel Marier, being a Director who retires in accordance with the Constitution, and being willing and eligible for re-election, is hereby re-elected as a Director."



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Resolution 3 – Approval of 10% Placement Capacity

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

"That, under and for the purposes of ASX Listing Rule 7.1A and for all other purposes, approval is given for the issue of Equity Securities totaling up to 10% of the number of Shares on issue (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 set out in the Explanatory Memorandum."

Voting Exclusion Statement

The Company will disregard any votes cast in favour of this Resolution, if at the time the approval is sought the Company is proposing to make an issue of Equity Securities under ASX Listing Rule 7.1A.2, by 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 of ordinary securities in the Company) or an associate of those persons.

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

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

Resolution 4 – Replacement of Constitution

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

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



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Resolution 5 – Approval of Toro Energy Ltd Securities Incentive Plan (2022)

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

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

Voting Exclusion Statement

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

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

Voting Prohibition Statement

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

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

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

- (a) the voter is appointed as a proxy appointed by writing that specifies the way the proxy is to vote on the Resolution; and
- (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
 - (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company or, if the Company is part of a consolidated entity, for the entity.



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Resolution 6 – Approval of Potential Termination Benefits Under Toro Energy Ltd Securities Incentive Plan (2022)

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

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

Voting Prohibition Statement

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

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

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

- (a) the voter is appointed as a proxy appointed by writing that specifies the way the proxy is to vote on the Resolution; and
- (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
 - (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company or, if the Company is part of a consolidated entity, for the entity.



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Resolution 7 – Approval of Issue of Performance Rights to Director Mr Richard Homsany

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

“Subject to the passing of Resolution 5 that, for the purposes of ASX Listing Rule 10.14 and for all other purposes, Shareholders approve the issue by the Company of up to 40,000,000 Performance Rights to Mr Richard Homsany, who is a Director, and/or his nominee(s), and the issue of Shares the subject of the Performance Rights, pursuant to the Toro Energy Limited Securities Incentive Plan (2022) on the terms and conditions and in the manner set out in the Explanatory Memorandum.”

Voting Exclusion Statement

The Company will disregard any votes cast in favour of this Resolution by or on behalf of any person referred to in ASX Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the Toro Energy Ltd Securities Incentive Plan (2022), and any associate of those persons.

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

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

Voting Prohibition Statement

In accordance with sections 250BD and 250R of the Corporations Act, a vote on this Resolution must not be cast (in any capacity) 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.

A vote may be cast by such person if the vote is not cast on behalf of a person who is excluded from voting on this Resolution and:

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



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Resolution 8 – Approval of Issue of Performance Rights to Director Mr Richard Patricio

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

“Subject to the passing of Resolution 5 that, for the purposes of ASX Listing Rule 10.14 and for all other purposes, Shareholders approve the issue by the Company of up to 20,000,000 Performance Rights to Mr Richard Patricio, who is a Director, and/or his nominee(s), and the issue of Shares the subject of the Performance Rights, pursuant to the Toro Energy Limited Securities Incentive Plan (2022) on the terms and conditions and in the manner set out in the Explanatory Memorandum.”

Voting Exclusion Statement

The Company will disregard any votes cast in favour of this Resolution by or on behalf of any person referred to in ASX Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the Toro Energy Ltd Securities Incentive Plan (2022), and any associate of those persons.

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

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

Voting Prohibition Statement

In accordance with sections 250BD and 250R of the Corporations Act, a vote on this Resolution must not be cast (in any capacity) 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.

A vote may be cast by such person if the vote is not cast on behalf of a person who is excluded from voting on this Resolution and:

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



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Resolution 9 – Approval of Issue of Performance Rights to Director Mr Michel Marier

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

“Subject to the passing of Resolution 5 that, for the purposes of ASX Listing Rule 10.14 and for all other purposes, Shareholders approve the issue by the Company of up to 20,000,000 Performance Rights to Mr Michel Marier, who is a Director, and/or his nominee(s), and the issue of Shares the subject of the Performance Rights, pursuant to the Toro Energy Limited Securities Incentive Plan (2022) on the terms and conditions and in the manner set out in the Explanatory Memorandum.”

Voting Exclusion Statement

The Company will disregard any votes cast in favour of this Resolution by or on behalf of any person referred to in ASX Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the Toro Energy Ltd Securities Incentive Plan (2022), and any associate of those persons.

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

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

Voting Prohibition Statement

In accordance with sections 250BD and 250R of the Corporations Act, a vote on this Resolution must not be cast (in any capacity) 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.

A vote may be cast by such person if the vote is not cast on behalf of a person who is excluded from voting on this Resolution and:

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



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Resolution 10 – Approval of Issue of Shares – Equity Capital Raising

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

"That under and for the purposes of ASX Listing Rule 7.1 and for all other purposes, Shareholders approve the issue and allotment by the Company of up to 750,000,000 Shares, on the terms and conditions and in the manner set out in the Explanatory Memorandum."

Voting Exclusion Statement

For the purposes of ASX Listing Rule 7.1, the Company will disregard any votes cast in favour on this Resolution by or on behalf of a 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 of ordinary securities in the Company) or an associate of 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 the 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 the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with the directions given by the beneficiary to the holder to vote in that way.

Other Business

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

BY ORDER OF THE BOARD OF DIRECTORS

Katherine Garvey
Company Secretary
28 October 2022



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Attendance and Voting Eligibility

For the purposes of Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) the Directors have determined that the Shares quoted on the ASX at 5.00pm (WST) on 26 November 2022 will be taken, for the purposes of this Annual General Meeting, to be held by the persons who held them at that time. Accordingly those persons are entitled to attend and vote (if not excluded) at the Meeting.

Proxies

A Shareholder who is entitled to attend and vote has a right to appoint a proxy to attend and vote instead of the Shareholder. A proxy need not be a Shareholder and can be either an individual or a body corporate. If a Shareholder appoints a body corporate as a proxy that body corporate will need to ensure that it:

- appoints an individual as its corporate representative to exercise its powers at the Meeting, in accordance with section 250D of the Corporations Act; and
- provides satisfactory evidence of the appointment of its corporate representative prior to commencement of the Meeting.

If such evidence is not received before the Meeting, then the body corporate (through) its representative will not be permitted to act as proxy.

A Shareholder that 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 no proportion or number is specified, each proxy may exercise half of the Shareholder's votes. If you wish to appoint a second proxy, an additional proxy form may be obtained by telephoning the Company's share registry or you may copy the enclosed proxy form. To appoint a second proxy, you must follow the instructions on the proxy form.

If the proxy has two or more appointments that specify different ways to vote on a resolution, the proxy must not vote on that resolution on a show of hands.

A Proxy Form accompanies this Notice and to be effective the Proxy Form and the power of attorney or other authority (if any) under which it is signed (or a certified copy) must be received by the Company no later than 48 hours before the commencement of the Meeting by:

- **Online:** by visiting www.advancedshare.com.au/investor-login.
- **Email:** to admin@advancedshare.com.au
- **Mail:** to Advanced Share Registry Limited, PO Box 1156, Nedlands WA 6909
- **In person:** to Advanced Share Registry Limited, 110 Stirling Highway Nedlands WA 6009
- **Facsimile:** to Advanced Share Registry Limited on (08) 6370 4203

Further details on how to lodge your Proxy Form can be found on the reverse side of the Proxy Form.

Proxies must be received by the Company no later than 48 hours prior to the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the Meeting.

Proxies given by corporate Shareholders must be executed in accordance with their constitutions, or signed by a duly authorised attorney. A proxy may decide whether to vote on any motion, except where the proxy is required by law or the Constitution to vote, or abstain from voting, in their capacity as proxy.

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



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Proxy Restrictions

Undirected and Directed Proxies

The Company encourages all Shareholders who submit proxies to direct their proxy how to vote on each Resolution.

The Company will not disregard any votes cast on a Resolution by a person if the person is the Chair voting an undirected proxy and their appointment expressly authorises the Chair to exercise the proxy.

If you intend to appoint the Chair as your proxy, you can direct him how to vote by marking the boxes for each Resolution (for example, if you wish to vote "For", "Against" or "Abstain"). If the Chair is appointed as your proxy and you have not specified the way the Chair is to vote on any of the Resolutions, by signing and returning the Proxy Form you are considered to have provided the Chair to vote the proxy in accordance with the Chair's intention, even if the Resolution is connected, directly or indirectly, with the remuneration of a member of the Key Management Personnel of the Company.

If you intend to appoint a Director (other than the Chair) or another member of the Key Management Personnel, or their Closely Related Parties as your proxy, you must specify how they should vote on Resolutions 1, 5, 6, 7, 8 and 9 by marking the appropriate box. If you don't, your proxy will not be able to exercise your vote for Resolutions 1, 5, 6, 7, 8 and/or 9. If the Chair is your proxy (or if they are appointed by default) but you do not direct them how to vote on a Resolution (that is, you do not mark any of the boxes "For", "Against" or "Abstain" opposite that Resolution), the Chair may then vote as they see fit on that Resolution.

If the Chair is a person referred to in the voting prohibition statement applicable to a Resolution under section 224 of the Corporations Act, the Chair will only be able to cast a vote as proxy for you on the relevant Resolution if you are entitled to vote and have specified your voting intention in the Proxy Form. Shareholders are therefore encouraged to specify their voting intention for every Resolution in the Proxy Form.

If you mark more than one box on an item your vote will be invalid on that item.

In accordance with the Corporations Act, any directed proxies that are not voted on a poll at the meeting will automatically default to the Chair, who is required to vote proxies as directed.

It is the Chair's intention to vote all undirected proxies in favour of all Resolutions including Resolutions 1, 5, 6, 7, 8 and 9. In exceptional circumstances, the Chairman may change his/her voting intention on any Resolution. In the event this occurs, an ASX announcement will be made immediately disclosing the reasons for the change

If you have any questions about this Notice or your Proxy Form please contact Company's share registry, Advanced Share Registry Ltd at (08) 9389 8033 or (within Australia) +61 8 9389 8033 (outside Australia).



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This Explanatory Memorandum and all attachments are important documents. They should be read carefully. If you have any questions regarding the matters set out in this Explanatory Memorandum or the preceding Notice, please contact the Company, your stockbroker or other professional adviser.

General Information

This Explanatory Memorandum has been prepared to assist Shareholders to understand the business to be put to Shareholders at the forthcoming Annual General Meeting to be held at 2:45pm (WST) on Monday, 28 November 2022.

The purpose of the Explanatory Memorandum is to provide Shareholders with information that the Board believes to be material to Shareholders in deciding whether or not to approve the above resolutions in the Notice (of which this Explanatory Memorandum forms a part).

AGENDA

1 Financial Report, Directors' and Auditor's Report

The Corporations Act requires:

- the reports of the Directors and auditors; and
- the 2022 Annual Report,

to be laid before the Annual General Meeting. Neither the Corporations Act nor the Constitution requires a vote of Shareholders on the reports or statements. However, Shareholders at the Meeting will be given reasonable opportunity to raise questions or comments.

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

The Company will not provide a hard copy of the 2022 Annual Report to Shareholders unless specifically requested to do so. The 2022 Annual Report is available on the Company's website at www.toroenergy.com.au.

2 Resolution 1 – Adoption of the Remuneration Report (Non-Binding)

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 Board or 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 2022 Annual Report.

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



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2.2 Voting consequences

While the vote does not bind the Company or the Directors, there are important consequences if there is a material 'against' vote on Resolution 1. Changes to the Corporations Act that came into effect on 1 July 2011 introduced what is referred to as the 'two strikes' rule, whereby if at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report in two consecutive annual general meetings, a company will be required to put to its shareholders a resolution proposing the calling of a general meeting to consider the appointment of directors of the company (the **Spill Resolution**) at the second annual general meeting.

At the Company's previous annual general meeting, held on 28 January 2022, less than 25% of votes were cast against the remuneration report at that meeting. Accordingly the Spill Resolution is not relevant for this Annual General Meeting.

If at least 25% of the votes cast on Resolution 1 at the Annual General Meeting are voted against adoption of the Remuneration Report, this will constitute a 'first strike', and if at least 25% of the votes are cast against the 2023 Remuneration Report resolution at the Company's 2023 annual general meeting, constituting a 'second strike', then the Company will be required to put to Shareholders a resolution proposing the calling of a general meeting to consider a Spill Resolution.

The Board considers that the Company's remuneration arrangements as set out in the Remuneration Report are fair, reasonable and appropriate, in line with industry standards and structured in a way that the Company can attract and retain suitably qualified and experienced employees to manage the Company.

The Directors unanimously recommend that Shareholders vote in favour of Resolution 1.

3 Resolution 2 – Re-election of Michel Marier

Rule 6.1 of the Constitution requires that at every annual general meeting of the Company, one third of Directors (after excluding a Director who is the Managing Director or any Director appointed by the Board since the date of the last annual general meeting of the Company), or if the number of Directors is not three or a multiple of three then the number nearest to but not exceeding one third, must retire from office and if eligible seek re-election in accordance with Rule 6.4 of the Constitution.

Accordingly, Mr Marier retires by rotation and, being willing and eligible, offers himself for re-election.

The experience and qualifications of, and other information about, Mr Marier can be found in the 2022 Annual Report.

The Directors (excluding Mr Marier) recommend that Shareholders vote in favour of Resolution 2.

4 Resolution 3 – Approval of 10% Placement Capacity

4.1 Background

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 approvals 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.

Under Listing Rule 7.1A, however, 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% (**10% Placement Capacity**).

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

Resolution 3 seeks Shareholder approval by way of a special resolution for the Company to have the additional 10% capacity provided for in Listing Rule 7.1A to issue Equity Securities without Shareholder approval.



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If Resolution 3 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 3 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 issued Equity Securities without Shareholder approval set out in Listing Rule 7.1.

Resolution 3 is a **special resolution**. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 3 for it to be passed.

The Equity Securities that may be issued under the 10% Placement Capacity must be in the same class as an existing class of quoted Equity Securities. The Company currently has one class of quoted Equity Securities on issue, being the Shares (ASX Code: TOE).

4.2 Information required by ASX Listing Rule 7.3A

Pursuant to and in accordance with ASX Listing Rule 7.3A, the information below is provided in relation to this Resolution 3:

(a) Minimum Price at which Equity Securities may be issued

The minimum price at which the Equity Securities may be issued is 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; or
- (ii) if the Equity Securities are not issued within 10 Trading Days of the date in paragraph (a)(i) above, the date on which the Equity Securities are issued.

(b) Date of Issue

The Equity Securities may be issued under the 10% Placement Capacity commencing on the date of the Annual General Meeting and expiring on the first to occur of the following:

- (i) 12 months after the date of the Annual General Meeting;
- (ii) The time and date of the Company's next annual general meeting; and
- (iii) the date of approval by Shareholders of any transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of the Company's activities) or 11.2 (disposal of the Company's main undertaking), after which date, an approval under Listing Rule 7.1A ceases to be valid,

(10% Placement Capacity Period).

(c) Risk of economic and voting dilution

Any issue of Equity Securities under the 10% Placement Capacity will dilute the interests of Shareholders who do not receive any Shares under the issue.

If Resolution 3 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 10% Placement Capacity, the economic and voting dilution of existing Shares would be as shown in the table below.



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The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in ASX Listing Rule 7.1A(2), on the basis of the current market price of Shares and the current number of Equity Securities on issue as at the date of this Notice assuming the full 10% dilution.

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 10% Placement Capacity.

Number of Shares on Issue	Dilution			
	Issue Price (per Share)	\$0.0080 (50% decrease in issue price)	\$0.016 (Issue price)	\$0.024 (50% increase in issue price)
3,897,342,180 (As at date of Notice)	Shares issued	389,734,218	389,734,218	389,734,218
	Funds Raised	\$3,117,873	\$6,235,747	\$9,353,621
5,846,013,270 (50% increase)*	Shares issued	584,601,327	584,601,327	584,601,327
	Funds Raised	\$4,676,810	\$9,353,621	\$14,030,431
7,794,684,360 (100% increase)*	Shares issued	779,468,436	779,468,436	779,468,436
	Funds Raised	\$6,235,747	\$12,471,494	\$18,707,242

*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 ASX Listing Rule 7.1.

The table above uses the following assumptions:

1. The current Shares on issue are as at the date of the Notice.
2. The issue price set out above is the closing price of the Shares on 28 October 2022 of \$0.016.
3. The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity hence the voting dilution is shown in each example as 10%.
4. 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, and if necessary seek advice from their professional advisers.
5. No Options are exercised into Shares before the date of issue of the Equity Securities.
6. The table shows only the effect of issues of Equity Securities under ASX Listing Rule 7.1A, and not dilution under the 15% placement capacity under ASX Listing Rule 7.1, under ASX Listing Rule 7.2, or Shareholder approvals under ASX Listing Rule 7.1.
7. The issue of Equity Securities under the 10% Placement Capacity 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.



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Shareholders should note that there is a risk that:

- (i) the market price for the Equity Securities to be issued may be significantly lower on the issue date than on the date of the Meeting; and
- (ii) the Equity Securities may be issued at a price that is at a discount to the market price for those Equity Securities on the date of issue.

(d) Purpose of Issue under 10% Placement Capacity

The Company may issue Equity Securities under the 10% Placement Capacity for cash consideration in and intends to use funds raised for working capital, the continued development of the Company's Wiluna Uranium Project and the exploration of the Company's Dusty Nickel Project and its Yandal Gold and Base Metal Projects.

(e) Allocation policy for issues under the 10% Placement Capacity

The allottees of the Equity Securities to be issued under the 10% Placement Capacity have not yet been determined. However, the allottees of Equity Securities will be current Shareholders or new investors (or both), but in either case will not be related parties of the Company.

The Company will determine the allottees at the time of the issue under the 10% Placement Capacity, 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 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 ASX Listing Rule 7.1A

The Company obtained approval from Shareholders pursuant to ASX Listing Rule 7.1A at its 2021 annual general meeting held on 28 January 2022 (**2021 Previous Approval**). In accordance with ASX Listing Rule 7.3A.6, during the 12 month period preceding the date of the Meeting, being on and from 28 November 2021 the Company did not issue any Shares pursuant to the 2021 Previous Approval.



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(g) Voting exclusion statement

A voting exclusion statement is included in this Notice. As at the date of this Notice, the Company has not invited any existing Shareholder or security holder to participate in an issue of Equity Securities under ASX Listing Rule 7.1A. Therefore, no existing Shareholders will be excluded from voting on Resolution 3.

4.3 Compliance with ASX Listing Rules 7.1A.4 and 3.105A

When the Company issues Equity Securities pursuant to the 10% Placement Capacity, it will give to ASX:

- (i) a list of recipients of the Equity Securities and the number of Equity Securities issued to each (not for release to the market), in accordance with Listing Rule 7.1A.4; and
- (ii) the information required by Listing Rule 3.10.5A for release to the market.

4.4 Directors' Recommendation

The Directors consider that the approval of the issue of the 10% Placement Capacity described above is beneficial for the Company as it provides the Company with the flexibility to issue up to the maximum number of securities permitted under ASX Listing Rule 7.1A in the next 12 months (without further Shareholder approval), should it be required. At the date of the Notice, the Company has no plans to use the 10% Placement Capacity should it be approved.

5 Resolution 4 – Replacement of Constitution

5.1 General

A company may modify or repeal its constitution or a provision of its constitution by special resolution of shareholders. Resolution 4 is a special resolution which will enable the Company to repeal its existing Constitution and adopt a new constitution (**Proposed Constitution**) which is of the type required for a listed public company limited by shares updated to ensure it reflects the current provisions of the Corporations Act and Listing Rules. This will incorporate amendments to the Corporations Act and Listing Rules since the current Constitution was adopted in 2005.

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

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

A copy of the Proposed Constitution is available for review by Shareholders at the office of the Company. A copy of the Proposed Constitution can also be sent to Shareholders upon request to the Company Secretary (+61 8 9214 2100). Shareholders are invited to contact the Company if they have any queries or concerns.

5.2 Summary of material proposed changes

Restricted Securities (clause 2.12)

The Proposed Constitution complies with the recent changes to Listing Rule 15.12 which took effect from 1 December 2019. As a result of these changes, ASX will require certain more significant holders of restricted securities and their controllers (such as related parties, promoters, substantial holders, service providers and their associates)



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to execute a formal escrow agreement in the form Appendix 9A, as is currently the case. However, for less significant holdings (such as non-related parties and non-promoters), ASX will permit the Company to issue restriction notices to holders of restricted securities in the form of the new Appendix 9C advising them of the restriction rather than requiring signed restriction agreements.

Minimum Shareholding (clause 3)

Clause 3 of the Proposed Constitution outlines how the Company can manage shareholdings which represent an “unmarketable parcel” of shares, being a shareholding that is less than \$500 based on the closing price of the Company’s Shares on ASX as at the relevant time. The Proposed Constitution is in line with the requirements for dealing with “unmarketable parcels” outlined in the Corporations Act such that where the Company elects to undertake a sale of unmarketable parcels, the Company is only required to give one notice to holders of an unmarketable parcel to elect to retain their shareholding before the unmarketable parcel can be dealt with by the Company, saving time and administrative costs incurred by otherwise having to send out additional notices.

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

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

Direct Voting (clauses 13.35 – 13.40)

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

Dividends (clause 23)

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

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

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

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

Partial (proportional) takeover provisions (clause 37)



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

Information required by section 648G of the Corporations Act

(a) Effect of proposed proportional takeover provisions

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

(b) Reasons for proportional takeover provisions

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

(c) Knowledge of any acquisition proposals

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

(d) Potential advantages and disadvantages of proportional takeover provisions

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

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

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

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

- (i) proportional takeover bids may be discouraged;
- (ii) lost opportunity to sell a portion of their Shares at a premium; and



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-
- (iii) the likelihood of a proportional takeover bid succeeding may be reduced.

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

Issue Cap – ESS Interests (clause 39)

As also detailed in Section 6 below, the *Treasury Laws Amendment (Cost of Living Support and Other Measures) Act 2022* (Cth) (**ESS Act**), which received royal assent on 31 March 2022, introduces a new Division 1A into Part 7.12 of the Corporations Act. The ESS Act, which takes effect from 1 October 2022, will significantly decrease red tape for companies and registered incentive plans/schemes looking to attract, retain or reward employees through offers to participate in an employee share scheme (**ESS**). Specifically, the ESS Act makes it easier for companies and registered incentive plans/schemes to access 'regulatory relief' from the Corporations Act's securities disclosure, licensing, advertising, anti-hawking and on-sale regulatory requirements which would otherwise apply when making offers of interests under an ESS.

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

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

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

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

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

5.3 Directors' Recommendation

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



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6 Approval of Toro Energy Ltd Securities Incentive Plan (2022) (Resolution 5) and Approval of Potential Termination Benefits Under the Toro Energy Ltd Securities Incentive Plan (2022) (Resolution 6)

6.1 Background to Resolution 5

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

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

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

6.2 Other Information

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

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

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

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

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

The new Toro Energy Ltd Securities Incentive Plan (2022) reflects the incorporation of the ESS Act.

The main purpose of the Incentive Plan is to give an additional reward to Directors, employees and consultants of the Company to provide dedicated and ongoing commitment and effort to the Company, and for the Company to



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reward its Directors, employees and consultants for their efforts. The Incentive Plan is designed to increase the motivation of personnel and create a stronger link between increasing Shareholder value and personnel reward.

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

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

The Board believes that the Incentive Plan will:

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

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

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

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

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

- (a) A summary of the terms and conditions of the Incentive Plan are set out in Annexure A to this Notice of Meeting.
- (b) A voting exclusion statement is included in the Notice.
- (c) As at the date of this notice, offers totaling 186,000,000 options have been made and accepted under the previous Toro Energy Ltd Securities Incentive Plan (approved in 2020):

Allottee	No Of Options	Expiry Date	Exercise Price
Directors/Employees	186,000,000	20 December 2025	\$0.01885

- (d) No Equity Securities will have been issued under the Incentive Plan as at the date of the Meeting.



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- (e) The maximum number of Equity Securities proposed to be issued under the Plan as at the date of this Notice is a further 500,000,000. The Board will make determinations from time to time during the currency of the Incentive Plan as to whether Plan Securities should be issued up to this maximum number under it at their discretion and subject to any approvals that may be required under the ASX Listing Rules.

6.4 Directors' Recommendation for Resolution 5

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

6.5 Section 200B of the Corporations Act

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

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

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

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

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

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

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

The Company will comply with the requirements of ASX Listing Rule 10.19 in the event that an officer of the Company



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or any of its subsidiaries is entitled to termination benefits exceeding 5% of the Company's equity interests.

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

6.6 Section 200E of the Corporations Act

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

(a) Details of the termination benefits

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

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

(b) Value of the termination benefits

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

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

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



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6.7 Directors' Recommendation for Resolution 6

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

7 Resolutions 7 – 9 – Issue of Performance Rights to Directors

7.1 Background

The Company is proposing to issue a total of 80,000,000 Performance Rights in aggregate to Directors Richard Homsany, Richard Patricio and Michel Marier under the Company's Incentive Plan pursuant to Resolutions 7 to 9 (inclusive) respectively.

ASX Listing Rule 10.14 provides that a listed company must not permit any of the following persons to acquire equity securities under an employee incentive scheme:

- (a) a director of the company (ASX Listing Rule 10.14.1);
- (b) an associate of a director of the company (ASX Listing Rule 10.14.2); or
- (c) a person whose relation with the company or a person referred to in Listing Rules 10.14.1 or 10.14.2 is such that, in ASX's opinion, the issue or agreement should be approved by its shareholders (ASX Listing Rule 10.14.3),

unless it obtains the approval of its shareholders.

The proposed issues of Performance Rights, the subject of Resolutions 7 to 9 inclusive, to Messrs Homsany, Patricio and Marier fall within ASX Listing Rule 10.14.1 above as Messrs Homsany, Patricio and Marier are each directors of the Company.

Resolutions 7 to 9 inclusive seek the required Shareholder approval for the issue of Performance Rights to Messrs Homsany, Patricio and Marier under and for the purposes of ASX Listing Rule 10.14.

If Resolutions 7, 8 and 9 are each passed, the Company will be able to proceed to issue the respective Performance Rights to Messrs Homsany, Patricio and Marier.

If Resolutions 7, 8 and 9 are not passed, the Company will not be able to proceed to issue the respective Performance Rights to Messrs Homsany, Patricio and Marier.

The issue of Performance Rights the subject of Resolutions 7 to 9 inclusive are proposed to be made pursuant to the Company's Incentive Plan for which Shareholder approval is being sought pursuant to Resolution 5. As such, Resolutions 7 to 9 are subject to the passing of Resolution 5. If Resolution 5 is not passed, Resolutions 7 to 9 will be withdrawn and will not be put to Shareholders.

7.2 Terms and Conditions of the Performance Rights

The terms and conditions of the Performance Rights are summarised in **Annexure B**.

The Performance Rights will be issued for no consideration. No consideration is payable for the conversion of Performance Rights to Shares.

The Company is cognisant of the requirement to preserve cash, while providing the principal drivers of Shareholder value with appropriate incentives. The Board considered that, assuming a share price of \$0.016 at the valuation date, a sustained and substantial target increase in the share price at 76%, 106% and 194% is not an easy target, but if the target is reached, then all Shareholders will benefit. This is an appropriate incentive for Directors.



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The Performance Rights milestones will be based on adjusted share price milestone (**ASPM**) of one fully paid share in the capital of the Company. The price milestone target ascribed to each of the five performance hurdles will be the VWAP over 20 consecutive Trading Days on which Shares have actually traded adjusted to reflect the impact of any:

- Share price appreciation;
- Declared dividend;
- Capital returns;
- Cash or scrip or in specie distributions;
- Bonus issues;
- Share splits; and
- Share consolidations

For example, in the event of a declared dividend, the price milestone target will increase by the aggregate of any amount paid and the value of any associated tax credits.

The VWAP over 20 consecutive Trading Days on which Shares have actually traded price milestone target ascribed to each of the three performance hurdles is based on the share price of \$0.016 as at the valuation date of 24 October 2022 and the ASPM as noted below.

Performance Hurdles				
Hurdle Number	Share Price at Valuation Date	Adjusted Share Price Milestone (ASPM)	%Value Increase	Performance Period
H1	\$0.017	\$0.03	76%	5 years
H2	\$0.017	\$0.035	106%	5 years
H3	\$0.017	\$0.050	194%	5 years

Australian Accounting Standard 2 Share-based Payment (**AASB 2**) states in paragraph 19 that vesting conditions, other than market conditions, shall not be taken into account when estimating the fair value of the shares or share options at the measurement date. Instead, vesting conditions shall be taken into account by adjusting the number of equity instruments included in the measurement of the transaction amount so that, ultimately, the amount recognised for goods or services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest. On the other hand, paragraph 21 states that market conditions, such as a target share price upon which vesting (or exercisability) is conditioned, shall be taken into account when estimating the fair value of the equity instruments granted.

Therefore, the assessments of performance hurdles 1, 2 and 3 are that they are market vesting conditions and in accordance with AASB 2, have been valued using a Monte Carlo simulation option pricing model based on the Share price of \$0.016 as at the valuation date of 24 October 2022. Further information in relation to the valuation of these Performance Rights are listed in **Annexure C**.

Distribution of Performance Rights					
Share Value	ASPM	%Value Increase	Richard Homsany	Richard Patricio	Michel Marier
\$0.03	\$0.03	76%	15,000,000	7,500,000	7,500,000
\$0.035	\$0.035	106%	15,000,000	7,500,000	7,500,000
\$0.050	\$0.050	194%	10,000,000	5,000,000	5,000,000

A summary of the general terms and conditions of the Performance Rights to be issued (subject to Shareholder approval) is set out in **Annexure B**. **Annexure C** sets out the valuation of the Performance Rights.



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7.3 Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act prohibits the Company from giving a financial benefit (which includes the issue of Performance Rights) to a related party of the Company unless either:

- (a) the giving of the financial benefit falls within one of the nominated exceptions of Chapter 2E of the Corporations Act; or
- (b) prior Shareholder approval is obtained for the giving of the financial benefit.

For the purposes of Chapter 2E, each Director is considered to be a related party of the Company. The proposed issue of Performance Rights to Directors and/or their nominee(s) involves the provision of a financial benefit to a related party of the Company. Section 211 of the Corporations Act provides an exception to the provisions of Chapter 2E where the financial benefit is remuneration that would be reasonable given the circumstances of the Company and the related party's circumstances. The Board has determined that proposed grant of Performance Rights to Messrs Homsany, Patricio and Marier falls within the exemption contained in section 211 of the Corporations Act as reasonable remuneration.

7.4 ASX Listing Rule Disclosure Requirements

Pursuant to and in accordance with ASX Listing Rule 10.15 the following information is provided in relation to Resolutions 7 to 9 (inclusive):

- (a) Directors Messrs Homsany, Patricio and Marier (or their nominees) are the persons to whom equity securities (being Performance Rights) will be issued if Resolutions 7 to 9 (inclusive) are passed by Shareholders.
- (b) Each of Messrs Homsany, Patricio and Marier is a Director and is therefore a related party of the Company for the purposes of ASX Listing Rule 10.14.1.
- (c) 40,000,000 Performance Rights are proposed to be issued to Mr Homsany pursuant to Resolution 7, 20,000,000 Performance Rights are proposed to be issued to Mr Patricio under Resolution 8 and 20,000,000 Performance Rights are proposed to be issued to Mr Marier under Resolution 9.
- (d) The current remuneration packages of Messrs Homsany, Patricio and Marier are set out below:

Resolution	Director	Position	Annual remuneration including superannuation and non-cash benefits	Estimated value of Performance Rights (Annexure C)	Total (annual remuneration plus estimated value of Performance Rights)
7	Mr Richard Homsany	Executive Chairman	\$531,250	\$593,000	\$1,124,250
8	Mr Richard Patricio	Non-Executive Director	\$50,000	\$296,500	\$346,500
9	Mr Michel Marier	Non-Executive Director	\$50,000	\$296,500	\$346,500

- (e) No Equity Securities have previously been issued to Messrs Homsany, Patricio or Marier under the Incentive Plan, which is the subject of the Shareholder approval sought under Resolution 5.
- (f) The expiry date of the Performance Rights is five (5) years from the date of their grant. The other terms and conditions of the Performance Rights are set out in this Section 7 and in **Annexure B**.
- (g) The Performance Rights will be issued within three (3) years of the date of the Meeting or such later date as the ASX Listing Rules permit (including such later date as permitted by any ASX waiver or modification of the



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ASX Listing Rules).

- (h) The Directors consider that the incentive represented by the issue of Performance Rights is a cost effective and efficient incentive when compared to other forms of incentive such as cash, bonuses or increased remuneration.
- (i) The Company has valued the Performance Rights. See **Annexure C** for details of the valuation. AASB 2 states in paragraph 19 that vesting conditions, other than market conditions, shall not be taken into account when estimating the fair value of the shares or share options at the measurement date. Instead, vesting conditions shall be taken into account by adjusting the number of equity instruments included in the measurement of the transaction amount so that, ultimately, the amount recognised for goods or services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest. On the other hand, paragraph 21 states that market conditions, such as a target share price upon which vesting (or exercisability) is conditioned, shall be taken into account when estimating the fair value of the equity instruments grant. Due to the nature of the vesting conditions and the early stage nature of the Company it is possible that the vesting conditions will not be met and thus no Performance Rights will vest. Therefore, the expense attributable to the Performance Rights and the value received by Directors from them could range between nil and the Share price when the Performance Rights are granted. This valuation is not automatically the valuation for taxation purposes.
- (j) The Performance Rights are to be issued for nil consideration and no amount is payable on vesting of the Performance Rights. As such no funds will be raised through the grant of the Performance Rights or on the exercise and conversion of the Performance Rights into Shares.
- (k) A summary of the material terms of the Incentive Plan pursuant to which the Performance Rights are proposed to be issued is set out in **Annexure A**.
- (l) No loan will be made in relation to the grant of the Performance Rights.
- (m) Details of any securities issued under the Incentive Plan will be published in the annual report of the Company relating to the period in which they were issued, along with a statement that approval for the issue was obtained under Listing Rule 10.14.
- (n) Any additional persons covered by Listing Rule 10.14 who become entitled to participate in an issue of Performance Rights under the Incentive Plan after Resolutions 7 to 9 are approved and who were not named in the Notice of Meeting will not participate until approval is obtained under that rule.

7.6 Additional Information

The Board recognises that the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations states that non-executive directors should not receive performance rights as part of their remuneration. Notwithstanding this, the Board considers the issue of Performance Rights to the Directors is appropriate in the circumstances for the reasons set out below:

- (a) If all the Performance Rights the subject of Resolutions 7 to 9 inclusive are granted and exercised, then the Company's fully paid share capital (based on the existing number of Shares and assuming no other Company securities are exercised or converted) will be diluted by 2.011%.
- (b) The primary purpose of the grant of Performance Rights is to provide an incentive to Messrs Homsany, Patricio and Marier. Given this purpose, the Directors do not consider that there is any opportunity cost or benefit foregone to the Company in granting the Performance Rights that are the subject of Resolutions 7 to 9 inclusive (other than as set out below); and
- (c) The Board has examined the individual remuneration packages of Directors to determine the fairness and reasonableness of the remuneration package. As part of the examination, the Board has reviewed the remuneration packages of industry executives and non-executives in similar roles. The Board considers the



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grants to Messrs Homsany, Patricio and Marier are appropriate in the circumstances for the reasons set out below.

- (d) Based on its examination, the Board has concluded that the totality of Messrs Homsany, Patricio and Marier's remuneration packages, including the equity component of up to 80,000,000 Performance Rights now to be considered for approval by Shareholders, is fair and reasonable in the circumstances of the Company given its size and stage of development, market practice of other companies in the mineral exploration industry and given the necessity to attract and retain the highest calibre of skilled professionals to the Company whilst maintaining the Company's cash reserves, and in light of Messrs Homsany, Patricio and Marier's significant management experience and knowledge of the mineral exploration industry.
- (e) Accounting standards require that granted Performance Rights be valued and expensed. The Directors do not consider that there are any other opportunity costs to the Company or benefits forgone by the Company in respect of the proposed issue of Performance Rights pursuant to Resolutions 7 to 9 inclusive.
- (f) The last available price of Shares quoted on ASX prior to the date of this Notice of Annual General Meeting on 28 October 2022 was \$0.016. The highest price for Shares trading on ASX over the last 12 months was \$0.038 on 19 October 2021 and the lowest price in that period was \$0.012 on 23 June 2022.

7.7 ASX Listing Rule 7.1

Broadly speaking, and subject to a number of exemptions, ASX 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.

The issue of Performance Rights to Messrs Homsany, Patricio and Marier with Shareholder approval pursuant to ASX Listing Rule 10.14 falls within Exception 14 to ASX Listing Rule 7.1 and therefore Shareholder approval is not required under ASX Listing Rule 7.1 to issue the Performance Rights to Messrs Homsany, Patricio and Marier and/or their nominee(s) as approval is being obtained under ASX Listing Rule 10.14.

Shareholders should note that the issue of securities to Messrs Homsany, Patricio and Marier and/or their nominee(s) will not be included in the 15% calculation for the purposes of ASX Listing Rule 7.1.

7.8 Directors' Recommendation

Mr Richard Homsany declines to make a recommendation to Shareholders in relation to Resolution 7 due to his material personal interest in the outcome of the Resolution. The Directors (other than Mr Richard Homsany) recommend that, for the reasons set out above, Shareholders vote in favour of Resolution 7.

Mr Richard Patricio declines to make a recommendation to Shareholders in relation to Resolution 8 due to his material personal interest in the outcome of the Resolution. The Directors (other than Mr Richard Patricio) recommend that, for the reasons set out above, Shareholders vote in favour of Resolution 8.

Mr Michel Marier declines to make a recommendation to Shareholders in relation to Resolution 9 due to his material personal interest in the outcome of the Resolution. The Directors (other than Mr Michel Marier) recommend that, for the reasons set out above, Shareholders vote in favour of Resolution 9.

8 Resolution 10 – Approval of the Issue of Shares – Equity Capital Raising

8.1 Background

Resolution 10 seeks Shareholder approval under ASX Listing Rule 7.1 for the issue and allotment of up to 750,000,000 Shares to sophisticated and/or professional investors under any proposed private placement (**Proposed Private Placement**).

The net funds raised by any proposed issue of the Shares will contribute to cash reserves to enable the Company to



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advance its Wiluna Uranium Project, for exploration activities at the Dusty Nickel Project and the Yandal Gold and Base Metal Projects, and for working capital purposes.

Broadly speaking, and subject to a number of exceptions, ASX 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.

The Proposed Private Placement does not fall within any of these exceptions and exceeds the 15% limit in ASX Listing Rule 7.1. It therefore requires the approval of Shareholders under ASX Listing Rule 7.1. Resolution 10 seeks the required Shareholder approval to the Proposed Private Placement under and for the purposes of ASX Listing Rule 7.1.

If Resolution 10 is passed, the Company will be able to proceed with the Proposed Private Placement to sophisticated and/or professional investors and raise funds for the purposes set out above. In addition, the Proposed Private Placement will be excluded from the calculation of the number of equity securities that Toro can issue without Shareholder approval under ASX Listing Rule 7.1.

If Resolution 10 is not passed, and the Company has the requisite capacity under Listing Rule 7.1 and 7.1A, the issue of up to 750,000,000 Shares under the Proposed Private Placement will reduce to that extent the Company's capacity to issue Equity Securities without Shareholder approval under Listing Rule 7.1 for 12 months following the issue of up to 750,000,000 Shares under the Proposed Private Placement. If Resolution 10 is not passed and the Company does not have the requisite capacity under ASX Listing Rules 7.1 and 7.1A, the Company will not be able to complete the issue of up to 750,000,000 Shares under the Proposed Private Placement.

8.2 ASX Listing Rule 7.3 Disclosure Requirements

The following information is provided for Resolution 9 in accordance with ASX Listing Rule 7.3:

- (a) *The name of the persons to whom Toro will issue the securities or the basis on which those persons were or will be identified or selected*

The identity of the persons to whom the Shares will be issued and allotted is not yet known, however they will be sophisticated and/or professional investors identified by the Directors and/or clients of any nominated Lead Manager to any Proposed Private Placement. Such persons will not be related parties of the Company or their associates, or Key Management Personnel. Investors will be identified from either or both of the network of professional and sophisticated investors known to the Company or from applications received from investors selected from the client base of any lead manager engaged to undertake the Proposed Private Placement on behalf of the Company.

- (b) *Number and class of securities the entity will issue*

A maximum of 750,000,000 Shares will be issued.

The Shares issued will rank equally in all respects with all other ordinary shares in the capital of the Company.

- (c) *The date or dates on or by which the entity will issue the securities.*

The Shares will be issued by no later than three (3) months after the date of this Meeting (or such later date as may be approved by ASX (including such later date as permitted by any ASX waiver or modification of the ASX Listing Rules)).

Allotment of the Shares under the Proposed Private Placement may occur progressively.

- (d) *The price or other consideration the entity will receive for the securities*

The issue price of the Shares will be no less than 80% of the volume weighted average price of Shares on the



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ASX for the fifteen (15) consecutive Trading Days immediately before the date of issue of the Shares.

(e) The purpose of the issue, including the intended use of any funds raised by the issue

The net funds raised by any proposed issue of the Shares will contribute to cash reserves to enable the Company to advance its Wiluna Uranium Project, for exploration activities at the Dusty Nickel Project and the Yandal Gold and Base Metal Projects, and for working capital purposes.

8.3 Directors' Recommendation

The Directors recommend that Shareholders vote in favour of Resolution 10 as it allows the Company greater flexibility to issue further securities representing up to 15% of the total number of Shares on issue in any 12 month period pursuant to Listing Rule 7.1 without Shareholder approval.

Enquiries

Shareholders are invited to contact the Company Secretary, Katherine Garvey on +61 8 9214 2100 if they have any queries in respect of the matters set out in this Notice.



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GLOSSARY

In this Explanatory Memorandum and Notice of Annual General Meeting:

2022 Remuneration Report means that section of the Directors' report contained in the 2022 Annual Report, under the heading 'Remuneration Report', prepared in accordance with Section 300A of the Corporations Act.

2022 Annual Report means the annual report of the Company including the reports of the Directors and auditor and the financial statements of the Company for the financial year ended 30 June 2022, which can be downloaded from the ASX announcements platform.

\$ means Australian dollars.

Annexure A Option means an Option issued on the terms and conditions set out in Annexure "A" to this Notice.

ASIC means the Australian Securities and Investments Commission.

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

ASX Listing Rules or **Listing Rules** means the official listing rules of ASX and any other rules of ASX which are applicable while the Company is admitted to the official list of ASX, each as amended or replaced from time to time except to the extent of any express written waiver by ASX.

Board means the board of Directors.

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

Chair means the chairperson of the Meeting.

Closely Related Party is defined in respect of a member of Key Management Personnel as:

- a spouse or child of the member;
- a child of the member's spouse;
- a dependent of the member or the member's spouse;
- anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealings with the Company;
- a company the member controls; or
- a person prescribed by regulations that may be made for this purpose.

Company or **Toro** means Toro Energy Limited (ABN 42 090 169 154).

Constitution means the constitution of the Company.

Corporations Act means the *Corporations Act 2001* (Cth) and any regulations made under it, each as amended from time to time.

Director means a director of the Company.

Eligible Entity means an entity that, at the date of the relevant general meeting:

- (a) is not included in the A&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

Equity Securities includes a Share, a right to a Share or Option, an Option, a convertible security and any security that ASX decides to classify as an equity security.



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Explanatory Memorandum means the explanatory memorandum that accompanies and forms part of the Notice.

Key Management Personnel has the same meaning given in the accounting standards and broadly includes those 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).

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

Notice or Notice of Meeting means the notice of Annual General Meeting accompanying this Explanatory Memorandum.

Option means an option to acquire a Share.

Plan or Incentive Plan has the meaning given in Section 6.1 of the Explanatory Memorandum.

Proposed Constitution has the meaning given in Section 5.1 of the Explanatory Memorandum.

Proxy Form means the proxy form attached to the Notice.

Remuneration Report means that section of the Directors' report contained in the 2022 Annual Report, under the heading 'Remuneration Report', prepared in accordance with Section 300A of the Corporations Act.

Resolution means a resolution contained in the Notice.

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

Shareholder means the holder of a Share.

Trading Day means a day determined by ASX to be a trading day and notified to market participants being:

- (a) a day other than:
 - (i) a Saturday, Sunday, New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day; and
 - (ii) any other day which ASX declares and publishes is not a trading day; and
- (b) notwithstanding (a), a day which for the purposes of settlement, ASX declares is a trading day notwithstanding that dealings between market participants are suspended on that day.

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

Where a word or phrase is given a defined meaning, another part of speech or other grammatical form in respect of that word or phrase has a corresponding meaning.



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Annexure A – Summary of the Key Terms and Conditions of the Toro Energy Limited Securities Incentive Plan (2022)

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

- (a) (**Eligible Participant**): Eligible Participant means a person that:
- (i) is an "ESS participant" (as that term is defined in Division 1A of Part 7.12 of the Corporations Act) in relation to the Company; and
 - (ii) has been determined by the Board to be eligible to participate in the Plan from time to time.
- (b) (**Purpose**): The purpose of the Plan is to:
- (i) assist in the reward, retention and motivation of Eligible Participants;
 - (ii) link the reward of Eligible Participants to Shareholder value creation; and
 - (iii) align the interests of Eligible Participants with shareholders of the Group (being the Company and each of its Associated Bodies Corporate), by providing an opportunity to Eligible Participants to receive an equity interest in the Company in the form of Securities.

- (c) (**Plan administration**): The Plan will be administered by the Board. The Board may exercise any power or discretion conferred on it by the Plan rules in its sole and absolute discretion. The Board may delegate its powers and discretion.

- (d) (**Eligibility, invitation and application**): The Board may from time to time determine that an Eligible Participant may participate in the Plan and make an invitation to that Eligible Participant to apply for Securities on such terms and conditions as the Board decides.

On receipt of an Invitation, an Eligible Participant may apply for the Securities the subject of the invitation by sending a completed application form to the Company.

The Board may accept an application from an Eligible Participant in whole or in part.

If an Eligible Participant is permitted in the invitation, the Eligible Participant may, by notice in writing to the Board, nominate a party in whose favour the Eligible Participant wishes to renounce the invitation.

- (e) (**Grant of Securities**): The Company will, to the extent that it has accepted a duly completed application, grant the Participant the relevant number of Securities subject to the terms and conditions set out in the invitation, the Plan rules and any ancillary documentation required.

- (f) (**Terms of Convertible Securities**): Each 'Convertible Security' represents a right to acquire one or more Shares (for example, under an option or performance right), subject to the terms and conditions of the Plan.

Prior to a Convertible Security being exercised a Participant does not have any interest (legal, equitable or otherwise) in any Share the subject of the Convertible Security by virtue of holding the Convertible Security. A Participant may not sell, assign, transfer, grant a security interest over or otherwise deal with a Convertible Security that has been granted to them. A Participant must not enter into any arrangement for the purpose of hedging their economic exposure to a Convertible Security that has been granted to them.

- (g) (**Vesting of Convertible Securities**): Any vesting conditions applicable to the grant of Convertible Securities will be described in the invitation. If all the vesting conditions are satisfied and/or otherwise waived by the Board, a vesting notice will be sent to the Participant by the Company informing them that the relevant Convertible Securities have vested. Unless and until the vesting notice is issued by the Company, the Convertible Securities will not be considered to have vested. For the avoidance of doubt, if the vesting conditions relevant to a Convertible Security are not satisfied and/or otherwise waived by the Board, that Convertible Security will lapse.

- (h) (**Exercise of Convertible Securities and cashless exercise**): To exercise a Convertible Security, the Participant must deliver a signed notice of exercise and, subject to a cashless exercise of Convertible Securities (see



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below), pay the exercise price (if any) to or as directed by the Company, at any time prior to the earlier of any date specified in the vesting notice and the expiry date as set out in the invitation.

An invitation may specify that at the time of exercise of the Convertible Securities, the Participant may elect not to be required to provide payment of the exercise price for the number of Convertible Securities specified in a notice of exercise, but that on exercise of those Convertible Securities the Company will transfer or issue to the Participant that number of Shares equal in value to the positive difference between the Market Value of the Shares at the time of exercise and the exercise price that would otherwise be payable to exercise those Convertible Securities.

Market Value means, at any given date, the volume weighted average price per Share traded on the ASX over the five (5) Trading Days immediately preceding that given date, unless otherwise specified in an invitation. A Convertible Security may not be exercised unless and until that Convertible Security has vested in accordance with the Plan rules, or such earlier date as set out in the Plan rules.

- (i) **(Delivery of Shares on exercise of Convertible Securities):** As soon as practicable after the valid exercise of a Convertible Security by a Participant, the Company will issue or cause to be transferred to that Participant the number of Shares to which the Participant is entitled under the Plan rules and issue a substitute certificate for any remaining unexercised Convertible Securities held by that Participant.
- (j) **(Forfeiture of Convertible Securities):** Where a Participant who holds Convertible Securities ceases to be an Eligible Participant or becomes insolvent, all unvested Convertible Securities will automatically be forfeited by the Participant, unless the Board otherwise determines in its discretion to permit some or all of the Convertible Securities to vest.

Where the Board determines that a Participant has acted fraudulently or dishonestly, or wilfully breached his or her duties to the Group, the Board may in its discretion deem all unvested Convertible Securities held by that Participant to have been forfeited.

Unless the Board otherwise determines, or as otherwise set out in the Plan rules:

- (i) any Convertible Securities which have not yet vested will be forfeited immediately on the date that the Board determines (acting reasonably and in good faith) that any applicable vesting conditions have not been met or cannot be met by the relevant date; and
 - (ii) any Convertible Securities which have not yet vested will be automatically forfeited on the expiry date specified in the invitation.
- (k) **(Change of control):** If a change of control event occurs in relation to the Company, or the Board determines that such an event is likely to occur, the Board may in its discretion determine the manner in which any or all of the Participant's Convertible Securities will be dealt with, including, without limitation, in a manner that allows the Participant to participate in and/or benefit from any transaction arising from or in connection with the change of control event.
- (l) **(Rights attaching to Plan Shares):** All Shares issued under the Plan, or issued or transferred to a Participant upon the valid exercise of a Convertible Security, **(Plan Shares)** will rank *pari passu* in all respects with the Shares of the same class. A Participant will be entitled to any dividends declared and distributed by the Company on the Plan Shares and may participate in any dividend reinvestment plan operated by the Company in respect of Plan Shares. A Participant may exercise any voting rights attaching to Plan Shares.
- (m) **(Disposal restrictions on Plan Shares):** If the invitation provides that any Plan Shares are subject to any restrictions as to the disposal or other dealing by a Participant for a period, the Board may implement any procedure it deems appropriate to ensure the compliance by the Participant with this restriction.

For so long as a Plan Share is subject to any disposal restrictions under the Plan, the Participant will not:

- (i) transfer, encumber or otherwise dispose of, or have a security interest granted over that Plan Share; or
 - (ii) take any action or permit another person to take any action to remove or circumvent the disposal restrictions without the express written consent of the Company.
- (n) **(Adjustment of Convertible Securities):** If there is a reorganisation of the issued share capital of the Company (including any subdivision, consolidation, reduction, return or cancellation of such issued capital of the



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Company), the rights of each Participant holding Convertible Securities will be changed to the extent necessary to comply with the Listing Rules applicable to a reorganisation of capital at the time of the reorganisation.

If Shares are issued by the Company by way of bonus issue (other than an issue in lieu of dividends or by way of dividend reinvestment), the holder of Convertible Securities is entitled, upon exercise of the Convertible Securities, to receive an allotment of as many additional Shares as would have been issued to the holder if the holder held Shares equal in number to the Shares in respect of which the Convertible Securities are exercised.

Unless otherwise determined by the Board, a holder of Convertible Securities does not have the right to participate in a pro rata issue of Shares made by the Company or sell renounceable rights.

- (o) **(Participation in new issues):** There are no participation rights or entitlements inherent in the Convertible Securities and holders are not entitled to participate in any new issue of Shares of the Company during the currency of the Convertible Securities without exercising the Convertible Securities.
- (p) **(Amendment of Plan):** Subject to the following paragraph, the Board may at any time amend any provisions of the Plan rules, including (without limitation) the terms and conditions upon which any Securities have been granted under the Plan and determine that any amendments to the Plan rules be given retrospective effect, immediate effect or future effect.

No amendment to any provision of the Plan rules may be made if the amendment materially reduces the rights of any Participant as they existed before the date of the amendment, other than an amendment introduced primarily for the purpose of complying with legislation or to correct manifest error or mistake, amongst other things, or is agreed to in writing by all Participants.

- (q) **(Plan duration):** The Plan continues in operation until the Board decides to end it. The Board may from time to time suspend the operation of the Plan for a fixed period or indefinitely, and may end any suspension. If the Plan is terminated or suspended for any reason, that termination or suspension must not prejudice the accrued rights of the Participants.
- (r) **(Board powers and discretion):** Any power or discretion which is conferred on the Board by these Rules may be exercised in its sole and absolute discretion except to the extent that it prevents the Company relying on the deferred tax concessions under Subdivision 83A-C of the *Income Tax Assessment Act 1997* (Cth). Any decision by the Board regarding the interpretation, effect or application of these Rules, is final, conclusive and binding. The Board does not, in exercising any power or discretion under these Rules, owe any fiduciary or other obligations to any Eligible Participant or Participant.

Compliance with Applicable Laws

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

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

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

does not exceed:

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



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

If a Participant and the Company (acting by the Board) agree in writing that some or all of the Securities granted to that Participant are to be cancelled on a specified date or on the occurrence of a particular event, then those Securities may be cancelled in the manner agreed between the Company and the Participant.



Annexure B – Summary of the General Terms and Conditions of the Performance Rights (Resolutions 7 to 9 inclusive)

Performance Rights are being considered for approval by Shareholders at the General Meeting. The performance milestones for these Performance Rights are share price milestones set out elsewhere in this Notice and specified in Annexure C. A summary of their general terms and conditions is set out below:

- (a) **(Tax):** Subdivision 83A-C of the *Income Tax Assessment Act 1997* (Cth), as amended from time to time applies to the terms and conditions of the Performance Rights including to all Shares that issued upon exercise of a Performance Right.

Despite any other provision of the Performance Rights terms and conditions no Participant is entitled to be issued Performance Rights if before or immediately after that person is issued with the Performance Rights:

- (i) the person and their associates holds a beneficial interest in more than 10% of the total Shares on issue or that would be on issue if all Performance Rights and other convertible securities issued by the Company were exercised into Shares; and
 - (ii) the person and their associates are in a position to cast, or to control the casting of, more than 10% of the maximum number of votes that might be cast at a general meeting of the Company if all Performance Rights and other convertible securities issued by the Company were exercised into Shares.
- (b) **(Purpose):** The purpose of the issue of Performance Rights is to:
- (i) assist in the reward, retention and motivation of recipients of the Performance Rights ("**Participants**");
 - (ii) establish a method by which Participants can participate in the future growth and profitability of the Company;
 - (iii) link the reward of Participants to Shareholder value creation;
 - (iv) align the interests of Participants with shareholders of the Group (being the Company and each of its associated bodies corporate), by providing an opportunity to Participants to receive an equity interest in the Company in the form of Securities; and
 - (v) attract and retain a high standard of managerial and technical personnel for the benefit of the Company.
- (c) **(Administration):** The terms and conditions of the Performance Rights will be administered by the Board. The Board may exercise any power or discretion conferred on it by the terms and conditions in its sole and absolute discretion. The Board may delegate its powers and discretion.
- (d) **(Eligibility, invitation and application):** The Board may from time to time make an invitation to a Participant to apply for Performance Rights on such terms and conditions as the Board decides. On receipt of an Invitation, a Participant may apply for the Performance Right the subject of the invitation by sending a completed application form to the Company. The Board may accept an application from a Participant in whole or in part. If a Participant is permitted in the invitation, the Participant may, by notice in writing to the Board, nominate a party in whose favour the Participant wishes to renounce the invitation.
- (e) **(Grant of Performance Rights):** The Company will, to the extent that it has accepted a duly completed application, grant the Participant the relevant number of Performance Rights subject to the terms and conditions set out in the invitation and any ancillary documentation required.



NOTICE OF ANNUAL GENERAL MEETING

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- (f) **(Terms of Performance Rights):** Each Performance Right represents a right to acquire one Share, subject to the terms and conditions of the Performance Right which include a performance condition. Prior to a Performance Right being exercised a Participant does not have any interest (legal, equitable or otherwise) in any Share the subject of the Performance Right by virtue of holding the Performance Right. A Participant may not sell, assign, transfer, grant a security interest over or otherwise deal with a Performance Right that has been granted to them. A Participant must not enter into any arrangement for the purpose of hedging their economic exposure to a Performance Right that has been granted to them.
- (g) **(Vesting of Performance Rights):** Any performance conditions applicable to the grant of Performance Rights will be described in the invitation. If all the performance conditions are satisfied and/or otherwise waived by the Board, a vesting notice will be sent to the Participant by the Company informing them that the relevant Performance Rights are entitled to be converted into Shares. Unless and until the vesting notice is issued by the Company, the Performance Rights will not be considered to have vested. For the avoidance of doubt, if the vesting conditions relevant to a Performance Right are not satisfied and/or otherwise waived by the Board, that Performance Right will lapse.
- (h) **(Exercise of Performance Rights):** To exercise a Performance Right after a vesting notice is issued by the Company, the Participant must deliver a signed notice of exercise within 15 years from the date of issue of the Performance Right. More than one signed Notice of Exercise can be delivered by a Participant in relation to a holding of Performance Rights from the date of a vesting notice until the date that is 15 years from the date of issue of the Performance Right.

A Performance Right may not be exercised unless and until that Performance Right has vested in accordance with the terms and conditions of the Performance Right, or such earlier date as set out in the terms and conditions of the Performance Right.

- (i) **(Delivery of Shares on exercise of Performance Rights):** As soon as practicable after the valid exercise of a Performance Right by a Participant and by no later than 10 Business Days, the Company will issue or cause to be transferred to that Participant the number of Shares to which the Participant is entitled and issue a substitute certificate for any remaining unexercised Performance Rights held by that Participant.
- (j) **(Forfeiture or non forfeiture of Performance Rights):** Where a Participant who holds Performance Rights ceases to be an employee, director, contractor or consultant of the Company, all unvested Performance Rights will automatically be forfeited by the Participant, unless the Board otherwise determines in its discretion to permit some or all of the Performance Rights to vest or remain non forfeited.

Where the Board determines that a Participant has acted fraudulently or dishonestly, or wilfully breached his or her duties to the Group, the Board may in its discretion deem all unvested Performance Rights held by that Participant to have been forfeited. Unless the Board otherwise determines, or as otherwise set out in the terms and conditions of the Performance Right:

- (i) any Performance Rights which have not yet vested will be forfeited immediately on the date that the Board determines (acting reasonably and in good faith) that any applicable vesting conditions have not been met; and
- (ii) any Performance Rights which have not yet vested will be automatically forfeited on the expiry date specified in the invitation.

Good Leaver Where a Participant (who, or whose nominated party, holds Performance Rights) becomes a Good Leaver, unless the Board determines otherwise vested Performance Rights that have not been exercised will continue in force and remain exercisable until the Expiry Date and unvested Performance Rights will be forfeited unless the Board determines otherwise. A Good Leaver means a Participant (who, or whose nominated party, holds Performance Rights) who ceases employment, office or engagement with any Group Company ceases and who is not a Bad Leaver, and includes where a Participant's employment, office or engagement ceases due to death, permanent incapacity, mental incapacity, redundancy, resignation, retirement or any other reason the Board decides.



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A Bad Leaver Unless the Board determines otherwise, where a Participant (who, or whose nominated party, holds Performance Rights) becomes a Bad Leaver unvested Performance Rights will be forfeited and vested Performance Rights that have not been exercised will be forfeited on the date of the cessation of employment or office of such Participant in accordance with clause 10. A Bad Leaver means a Participant (who, or whose nominated party, holds Performance Rights) whose employment, office or engagement with a Group Company ceases in any of the following circumstances: (i) the Participant's employment or engagement is terminated, or the Participant is dismissed from office, due to serious and wilful misconduct; a material breach of the terms of any contract of employment, engagement or office entered into by a Group Company and the Participant; gross negligence; or any other conduct justifying termination of employment, engagement or office without notice either under the Participant's contract of employment or engagement or office, or at common law; (ii) the Participant ceases his or her employment or engagement or office for any reason, and breaches a post-termination restriction contained in the Participant's employment contract; or (iii) the Participant becomes ineligible to hold his or her office for the purposes of Part 2D.6 (disqualification from managing corporations) of the Corporations Act.

Board Discretion If the circumstances for a forfeiture of Performance Rights exist, the Board may decide (on any conditions which it thinks fit) that some or all of the Participant's Performance Rights will not be forfeited at that time, but will be forfeited at the time and subject to the conditions it may specify by written notice to the Participant.

- (k) **(Change of control):** If a change of control event occurs in relation to the Company or a subsidiary, or the Board determines that such an event is likely to occur, the Board may in its discretion determine the manner in which any or all of the Participant's Performance Rights will be dealt with, including, without limitation, in a manner that allows the Participant to participate in and/or benefit from any transaction arising from or in connection with the change of control event. This includes allowing a Performance Right to vest without the corresponding performance condition having been met.
- (l) **(Rights attaching to New Shares):** All Shares issued under the Performance Rights, or issued or transferred to a Participant upon the valid exercise of a Performance Right, **(New Shares)** will rank pari passu in all respects with the Shares of the same class. A Participant will be entitled to any dividends declared and distributed by the Company on the New Shares and may participate in any dividend reinvestment plan operated by the Company in respect of New Shares. A Participant may exercise any voting rights attaching to New Shares.
- (m) **(Disposal restrictions on New Shares):** If the invitation provides that any Performance Right subject to any restrictions as to the disposal or other dealing by a Participant for a period, the Board may implement any procedure it deems appropriate to ensure the compliance by the Participant with this restriction.

For so long as a Performance Right is subject to any such disposal restrictions, the Participant will not:

- (i) transfer, encumber or otherwise dispose of, or have a security interest granted over that Performance Right; or
 - (ii) take any action or permit another person to take any action to remove or circumvent the disposal restrictions without the express written consent of the Company.
- (n) **(Adjustment of Performance Rights):** If there is a reorganisation of the issued share capital of the Company (including any subdivision, consolidation, reduction, return or cancellation of such issued capital of the Company), the basis for adjustment of the conversion of Performance Rights into Shares will be reconstructed in the same proportion as the issued capital of the Company is reconstructed and in a manner which will not result in any additional benefits being conferred on the Participant which are not conferred on the shareholders of the Company, (subject to the same provisions with respect to rounding of entitlements as sanctioned by the meeting of shareholders approving the reconstruction of capital) but in all other respects the terms for conversion of the Performance Rights will remain unchanged and with the intention that no detriment will be caused to the holder of a Performance Right.



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If Shares are issued by the Company by way of bonus issue (other than an issue in lieu of dividends or by way of dividend reinvestment), the holder of Performance Rights is entitled, upon exercise of the Performance Rights, to receive an allotment of as many additional Shares as would have been issued to the holder if the holder held Shares equal in number to the Shares in respect of which the Performance Rights are exercised or the number of Performance Rights held by a Participant shall be increased by the same number as the number of bonus shares that would have been received by the Participant had the Performance Rights been Shares.

Unless otherwise determined by the Board, a holder of Performance Rights does not have the right to participate in a pro rata issue of Shares made by the Company or sell renounceable rights. In the case of general rights issues to Shareholders there will be no adjustment to the Performance Rights. However, the Board may consider issuing options:

- (i) of a number up to the number of Shares to which the Participant would have been entitled had the Performance Rights been Shares; and
 - (ii) the exercise price of such options will be equal to the amount payable by Shareholders to exercise a right to acquire a Share.
- (o) **(Participation in new issues):** There are no participation rights or entitlements inherent in the Performance Rights and holders are not entitled to participate in any new issue of Shares of the Company during the currency of the Performance Rights (such as bonus issues or entitlement issues) without exercising the Performance Rights into Shares.
- (p) **(Amendment of Performance Rights Rules):** Subject to the following paragraph and to the extent allowed under applicable laws, the Board may at any time amend any provisions of the Performance Rights rules, including (without limitation) the terms and conditions upon which any Performance Rights have been issued and determine that any amendments to the Performance Rights rules be given retrospective effect, immediate effect or future effect.

No amendment to any provision of the Performance Rights rules may be made if the amendment materially reduces the rights of any Participant as they existed before the date of the amendment, other than an amendment introduced primarily for the purpose of complying with legislation or to correct manifest error or mistake, amongst other things, or is agreed to in writing by all Participants.

- (q) **(Cancellation):** If a Participant and the Company (acting by the Board) agree in writing that some or all of the Performance Rights granted to that Participant are to be cancelled on a specified date or on the occurrence of a particular event, then those Performance Rights may be cancelled in the manner agreed between the Company and the Participant.
- (r) **(Expiry):** A Performance Right will expire on the date that is 5 years from its date of issue.
- (s) **(Consideration):** The Performance Rights will be granted for nil cash consideration and no consideration will be payable upon the issue of Shares upon the vesting and exercise of the Performance Rights.
- (t) **(Exercise Price):** The Exercise Price of each vested Performance Right is nil.
- (u) **(No return of capital rights):** A Performance Right does not confer any right to a return of capital, whether in a winding up, upon a reduction of capital or otherwise.
- (v) **(No rights on winding up):** A Performance Right has no right to participate in the surplus profits or assets of the Company upon a winding up of the Company.
- (w) **(No voting rights):** The Performance Rights do not confer on the holder an entitlement to vote at general meetings of the Company.



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- (x) **(No dividend rights):** The Performance Rights do not confer on the holder an entitlement to receive dividends, whether fixed or at the discretion of the directors.
- (y) **(Shares issued on exercise):** Shares issued upon conversion of the Performance Rights will rank pari passu with the Company's existing Shares on issue in all respects.
- (z) **(Entitlement):** Subject to satisfaction of the performance condition of the Performance Right, each Performance Right referred to in this Notice, once vested, entitles the holder, on exercise, to one share. If the performance condition of the Performance Right is not satisfied or waived, the Performance Right will lapse without being exercised into a Share.
- (aa) **(Takeover Provisions):** If the conversion of Performance Rights under these terms and conditions would result in any person being in contravention of section 606(1) of the Corporations Act then the conversion of Performance Rights that would cause the contravention will be deferred until such time or times thereafter that the conversion would not result in a contravention of section 606(1).



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Annexure C – Valuation of Performance Rights (Resolutions 7 to 9 inclusive)

The Performance Rights milestones will be based on adjusted share price milestone (**ASPM**) of one fully paid share in the capital of the Company. The price milestone target ascribed to each of the five performance hurdles will be the VWAP over 20 consecutive Trading Days on which Shares have actually traded adjusted for:

- Share price appreciation,
- Declared dividend,
- Capital returns,
- Demergers,
- Cash or scrip or in specie distributions,
- Bonus issues,
- Share splits, and
- Share consolidations.

The VWAP over 20 consecutive Trading Days on which Shares have actually traded AP price milestone target ascribed to each of the performance hurdles are noted below:

Hurdle number	Share Price at value date	ASPM	% Value Increase	Performance Period
H1	\$0.016	\$0.03	76%	5 years
H2	\$0.016	\$0.035	106%	5 years
H3	\$0.016	\$0.050	194%	5 years

Australian Accounting Standard 2 Share-based Payment (**AASB 2**) states in paragraph 19 that vesting conditions, other than market conditions, shall not be taken into account when estimating the fair value of the shares or share options at the measurement date. Instead, vesting conditions shall be taken into account by adjusting the number of equity instruments included in the measurement of the transaction amount so that, ultimately, the amount recognised for goods or services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest. On the other hand, paragraph 21 states that market conditions, such as a target share price upon which vesting (or exercisability) is conditioned, shall be taken into account when estimating the fair value of the equity instruments granted.

Therefore, our assessments of performance hurdles relating to the proposed issue of 80,000,000 performance rights are that they are market vesting conditions and in accordance with AASB 2, have been valued using a barrier up-and-in trinomial pricing model based with a Parisian Barrier adjustment on the Share Price as at the valuation date of 24 October 2022 of \$0.016. See the table below which lists the variables used as the basis for the valuation. There is no exercise price paid for the Performance Rights.



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Valuation Summary Table

Item	Performance Rights		
	H1	H2	H3
Valuation date	24-Oct-22	24-Oct-22	24-Oct-22
Underlying security spot price	\$0.016	\$0.016	\$0.016
VWAP barrier	\$0.030	\$0.035	\$0.050
Exercise price	Nil	Nil	Nil
Commencement of performance period	24-Oct-22	24-Oct-22	24-Oct-22
End of performance period	24-Oct-27	24-Oct-27	24-Oct-27
Performance period (years)	5.0	5.0	5.0
Expiry date	24-Oct-27	24-Oct-27	24-Oct-27
Life (years)	5.0	5.0	5.0
Volatility	110%	110%	110%
Risk-free rate	3.790%	3.790%	3.790%
Dividend yield	Nil	Nil	Nil
Valuation per Right	\$0.0151	\$0.0149	\$0.0143
No of Rights	30,000,000	30,000,000	20,000,000
Total Value	\$453,000	\$447,000	\$286,000



LODGE YOUR PROXY APPOINTMENT ONLINE



ONLINE PROXY APPOINTMENT

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MOBILE DEVICE PROXY APPOINTMENT

Lodge your proxy by scanning the QR code below, and enter your registered postcode.

It is a fast, convenient and a secure way to lodge your vote.

ANNUAL GENERAL MEETING PROXY FORM

I/We being shareholder(s) of Toro Energy Limited and entitled to attend and vote hereby:

APPOINT A PROXY

☐ The Chair of the Meeting

OR

☐



PLEASE NOTE: If you leave the section blank, the Chair of the Meeting will be your proxy.

or failing the individual(s) or body corporate(s) named, or if no individual(s) or body corporate(s) named, the Chair of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf, including to vote in accordance with the following directions (or, if no directions have been given, and to the extent permitted by law, as the proxy sees fit), at the Annual General Meeting of the Company to be held at **Country Women's Association of WA (Inc) House, 1176 Hay Street, West Perth Western Australia on 28 November 2022 at 2:45pm (WST)** and at any adjournment or postponement of that Meeting.

Chair's voting intentions in relation to undirected proxies: The Chair intends to vote all undirected proxies in favour of all Resolutions. In exceptional circumstances, the Chair may change his/her voting intentions on any Resolution. In the event this occurs, an ASX announcement will be made immediately disclosing the reasons for the change.

Chair authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chair of the Meeting as my/our proxy (or the Chair becomes my/our proxy by default), I/we expressly authorise the Chair to exercise my/our proxy on Resolutions 1, 5, 7, 8 & 9 (except where I/we have indicated a different voting intention below) even though these resolutions are connected directly or indirectly with the remuneration of a member(s) of key management personnel, which includes the Chair.

VOTING DIRECTIONS

Resolutions	For	Against	Abstain*
1 Adoption of the Remuneration Report (Non-Binding)	☐	☐	☐
2 Re-election of Director Michel Marier	☐	☐	☐
3 Approval of 10% Placement Capacity	☐	☐	☐
4 Replacement of Constitution	☐	☐	☐
5 Approval of Toro Energy Ltd Securities Incentive Plan (2022)	☐	☐	☐
6 Approval of Potential Termination Benefits Under Toro Energy Ltd Securities Incentive Plan (2022)	☐	☐	☐
7 Approval of Issue of Performance Rights to Director Mr Richard Homsany	☐	☐	☐
8 Approval of Issue of Performance Rights to Director Mr Richard Patricio	☐	☐	☐
9 Approval of Issue of Performance Rights to Director Mr Michel Marier	☐	☐	☐
10 Approval of Issue of Shares – Equity Capital Raising	☐	☐	☐



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

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Joint Shareholder 2 (Individual)

Joint Shareholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

This form should be signed by the shareholder. If a joint holding, all the shareholders should sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the Corporations Act 2001 (Cth).

Email Address



Please tick here to agree to receive communications sent by the Company via email. This may include meeting notifications, dividend remittance, and selected announcements.

HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE MEETING, PLEASE BRING THIS FORM WITH YOU.
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**

CHANGE OF ADDRESS

This form shows your address as it appears on Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes.

APPOINTMENT OF A PROXY

If you wish to appoint the Chair as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chair, please write that person's name in the box in Step 1. A proxy need not be a shareholder of the Company. A proxy may be an individual or a body corporate.

DEFAULT TO THE CHAIR OF THE MEETING

If you leave Step 1 blank, or if your appointed proxy does not attend the Meeting, then the proxy appointment will automatically default to the Chair of the Meeting.

VOTING DIRECTIONS – PROXY APPOINTMENT

You may direct your proxy on how to vote by placing a mark in one of the boxes opposite each resolution 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 resolution 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 a given resolution, your proxy may vote as they choose to the extent they are permitted by law. If you mark more than one box on a resolution, your vote on that resolution will be invalid.

PROXY VOTING BY KEY MANAGEMENT PERSONNEL

If you wish to appoint a Director (other than the Chair) or other member of the Company's key management personnel, or their closely related parties, as your proxy, you must specify how they should vote on Resolutions 1, 5, 7, 8 & 9, by marking the appropriate box. If you do not, your proxy will not be able to exercise your vote for Resolutions 1, 5, 7, 8 & 9.

PLEASE NOTE: If you appoint the Chair as your proxy (or if they are appointed by default) but do not direct them how to vote on a resolution (that is, you do not complete any of the boxes "For", "Against" or "Abstain" opposite that resolution), the Chair may vote as they see fit on that resolution.

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning Advanced Share Registry Limited or you may copy this form and return them both together.

To appoint a second proxy you must:

- (a) on each Proxy Form state the percentage of your voting rights or number of shares 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; and
- (b) return both forms together.

COMPLIANCE WITH LISTING RULE 14.11

In accordance with Listing Rule 14.11, if you hold shares on behalf of another person(s) or entity/entities or you are a trustee, nominee, custodian or other fiduciary holder of the shares, you are required to ensure that the person(s) or entity/entities for which you hold the shares are not excluded from voting on resolutions where there is a voting exclusion. Listing Rule 14.11 requires you to receive written confirmation from the person or entity providing the voting instruction to you and you must vote in accordance with the instruction provided.

By lodging your proxy votes, you confirm to the company that you are in compliance with Listing Rule 14.11.

CORPORATE REPRESENTATIVES

If a representative of a nominated corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A Corporate Representative Form may be obtained from Advanced Share Registry.

SIGNING INSTRUCTIONS ON THE PROXY FORM

Individual:

Where the holding is in one name, the security holder must sign.

Joint Holding:

Where the holding is in more than one name, all of the security holders should sign.

Power of Attorney:

If you have not already lodged the Power of Attorney with Advanced Share Registry, please attach the original or a certified photocopy of the Power of Attorney to this form when you return it.

Companies:

Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held.

LODGE YOUR PROXY FORM

This Proxy Form (and any power of attorney under which it is signed) must be received at an address given below by 2:45pm (WST) on 26 November 2022, being not later than 48 hours before the commencement of the Meeting. Proxy Forms received after that time will not be valid for the scheduled Meeting.



ONLINE PROXY APPOINTMENT

www.advancedshare.com.au/investor-login



BY MAIL

Advanced Share Registry Limited
110 Stirling Hwy, Nedlands WA 6009; or
PO Box 1156, Nedlands WA 6909



BY FAX

+61 8 6370 4203



BY EMAIL

admin@advancedshare.com.au



IN PERSON

Advanced Share Registry Limited
110 Stirling Hwy, Nedlands WA 6009



ALL ENQUIRIES TO

Telephone: +61 8 9389 8033