



Diatreme Resources Limited
ACN 061 267 061
Notice of Annual General Meeting

The Annual General Meeting of Diatreme Resources Limited will be held at:

- Unit 8, 61 Holdsworth Street, Coorparoo, QLD 4151;
- 2:00 pm (AEST) on 27 May 2021.

This notice of annual general meeting should be read in its entirety. If Shareholders are in any doubt as to how they should vote, they should seek advice from their professional advisor prior to voting.

Please contact the Company Secretary on +61 733 972 222 or tuan.do@diatreme.com.au if you wish to discuss any matter concerning the Meeting.

Diatreme Resources Limited
ACN 061 267 061

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of the Shareholders of Diatreme Resources Limited will be held at Unit 8, 61 Holdsworth Street, Coorparoo, QLD 4151 on 27 May 2021 at 2:00 pm (AEST) (**Meeting**).

In light of the evolving COVID-19 situation and State government restrictions on public gatherings in place at the date of this Notice of Meeting, the Directors **STRONGLY ENCOURAGE ALL SHAREHOLDERS TO LODGE A DIRECTED PROXY FORM PRIOR TO THE MEETING.**

The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the Meeting. The Explanatory Statement and Proxy Form form part of this Notice of Meeting.

Shareholders are urged to vote by returning a completed Proxy Form. Instructions on how to complete a Proxy Form are set out in the Explanatory Statement.

Proxy Forms must be received by no later than 2:00 pm (AEST) on 25 May 2021.

Terms and abbreviations used in this Notice and Explanatory Statement are defined in Schedule 1 of the Explanatory Statement.

Agenda

ANNUAL REPORT

To receive and consider the financial statements of the Company and the reports of the Directors (**Directors' Report**) and Auditors for the financial year ended 31 December 2020 (**Annual Report**).

RESOLUTION 1 - REMUNERATION REPORT (NON-BINDING)

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

“That for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as set out in the Directors' Report for the financial year ended on 31 December 2020.”

A voting exclusion statement is set out below.

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

RESOLUTION 2 - RE-ELECTION OF DIRECTOR - CHENG (WILLIAM) WANG

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

“That Cheng (William) Wang, who retires by rotation in accordance with ASX Listing Rule 14.4 and rule 12.3 of the Company’s Constitution, offers himself for re-election, be re-elected as a Director.”

RESOLUTION 3 - RE-ELECTION OF DIRECTOR - MICHAEL JOHN CHAPMAN

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

“That Michael John Chapman, who retires following his casual appointment as a Director in accordance with ASX Listing Rule 14.4 and rule 12.8 of the Company’s Constitution, offers himself for re-election, be re-elected as a Director.”

RESOLUTION 4 - RATIFICATION OF PRIOR ISSUE OF SHARES UNDER THE PLACEMENT

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

“That for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 463,862,800 Shares at an issue price of \$0.01 per Share to institutional and sophisticated investors to raise \$4.64 million, and otherwise on the terms set out in the Explanatory Statement.”

A voting exclusion statement is set out below.

RESOLUTION 5 - APPROVAL OF 10% PLACEMENT FACILITY

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

“That, for the purposes of Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions in the Explanatory Statement.”

RESOLUTION 6 - APPROVAL OF EMPLOYEE INCENTIVE SCHEME

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

“That for the purposes of Listing Rule 7.2 exception 13 and for all other purposes, Shareholders approve the DRX Employee Incentive Scheme, on the terms and conditions set out in the Explanatory Memorandum.”

A voting exclusion statement is set out below.

RESOLUTION 7 - ISSUE OF OPTIONS TO A RELATED PARTY - MR GREGORY STARR

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

“That for the purposes of Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of 10,000,000 Director Options to Mr Gregory Starr or his nominee on the terms set out in the Explanatory Statement.”

A voting exclusion statement is set out below.

RESOLUTION 8 - ISSUE OF OPTIONS TO A RELATED PARTY - MR CHEN (WILLIAM) WANG

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

“That for the purposes of Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of 10,000,000 Director Options to Mr Chen (William) Wang or his nominee on the terms set out in the Explanatory Statement.”

A voting exclusion statement is set out below.

RESOLUTION 9 - ISSUE OF OPTIONS TO A RELATED PARTY - MR YUFENG (DANIEL) ZHUANG

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

“That for the purposes of Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of 10,000,000 Director Options to Mr Yufeng (Daniel) Zhuang or his nominee on the terms set out in the Explanatory Statement.”

A voting exclusion statement is set out below.

RESOLUTION 10 - ISSUE OF OPTIONS TO A RELATED PARTY - MR MICHAEL CHAPMAN

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

“That for the purposes of Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of 10,000,000 Director Options to Mr Michael Chapman or his nominee on the terms set out in the Explanatory Statement.”

A voting exclusion statement is set out below.

VOTING PROHIBITION AND EXCLUSION STATEMENTS

Corporations Act

The Corporations Act prohibits votes being cast (in any capacity) on the following resolutions by any of the following persons:

Resolution	Persons Excluded from Voting
Resolution 1 - Remuneration Report (Non-Binding)	<p>A vote on this Resolution must not be cast (in any capacity) by or on behalf of the following persons:</p> <ul style="list-style-type: none">(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. <p>However, a person described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:</p> <ul style="list-style-type: none">(a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or(b) the voter is the Chair of the Meeting and the appointment of the chair as proxy:<ul style="list-style-type: none">(i) does not specify the way the proxy is to vote on this Resolution; and(ii) expressly authorises the Chair to exercise the proxy even if this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company.

ASX Listing Rules

Under Listing Rule 14.11, the Company will disregard any votes cast in favour of a resolution by or on behalf of:

- (a) the below named person or class of persons excluded from voting; or
- (b) an associate of that person or those persons:

Resolution	Persons excluded from voting
Resolution 4 - Ratification of prior issue of Shares under the Placement	Persons who participated in the issue or is a counterparty to the agreement being approved, or any associate of those persons.
Resolution 6 - Approval of DRX Employee Incentive Scheme	a person who is eligible to participate in the DRX Employee Incentive Scheme.
Resolution 7 - Issue of Options to a related party - Gregory Starr	A person who is to receive the securities in question and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the entity) or any associate of such person.
Resolution 8 - Issue of Options to a related party - Chen (William) Wang	A person who is to receive the securities in question and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the entity) or any associate of such person.
Resolution 9 - Issue of Options to a related party - Yufeng (Daniel) Zhuang	A person who is to receive the securities in question and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the entity) or any associate of such person.
Resolution 10 - Issue of Options to a related party - Michael Chapman	A person who is to receive the securities in question and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the entity) or any associate of such person.

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

- (c) 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
- (d) 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
- (e) a holder acting solely as 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.

By order of the Board of Directors

Tuan Do
Company Secretary
Diatreme Resources Limited
26 April 2021

DIATREME RESOURCES LIMITED
ACN 061 267 061

Explanatory Statement

INTRODUCTION

This Explanatory Statement has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held at Unit 8, 61 Holdsworth Street, Coorparoo, QLD 4151, on 27 May 2021 at 2:00 pm (AEST). The purpose of this Explanatory Statement is to provide information to Shareholders in deciding how to vote on the Resolutions set out in the Notice.

This Explanatory Statement should be read in conjunction with and forms part of the accompanying Notice, and includes the following:

1	ACTION TO BE TAKEN BY SHAREHOLDERS	7
2	ANNUAL REPORT	9
3	RESOLUTION 1 - REMUNERATION REPORT	10
4	RESOLUTIONS 2 AND 3 - RE-ELECTION OF DIRECTORS.....	11
5	RESOLUTION 4 - RATIFICATION OF PRIOR ISSUE OF SHARES UNDER THE PLACEMENT	12
6	RESOLUTION 5 - APPROVAL OF 10% PLACEMENT FACILITY.....	14
7	RESOLUTION 6 - APPROVAL OF EMPLOYEE INCENTIVE SCHEME	19
8	RESOLUTIONS 7 TO 10 - APPROVAL OF OPTIONS TO DIRECTORS	19

A Proxy Form is located at the end of this Explanatory Statement.

Please contact the Company Secretary on +61 733 972 222 or tuan.do@diatreme.com.au if you wish to discuss any matter concerning the Meeting.

1 ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders should read the Notice and this Explanatory Statement carefully before deciding how to vote on the Resolutions.

In light of the evolving COVID-19 situation and the Commonwealth and State government restrictions on public gatherings in place at the date of this Notice of Meeting, the Directors **STRONGLY ENCOURAGE ALL SHAREHOLDERS TO LODGE A DIRECTED PROXY FORM PRIOR TO THE MEETING.**

1.1 Voting by Proxy

Shareholders can appoint a proxy to attend on their behalf by signing and returning the Proxy Form (attached to the Notice) to the Company in accordance with the instructions on the Proxy Form.

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

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

The Company encourages Shareholders completing a Proxy Form to direct the proxy how to vote on each Resolution.

The Proxy Form must be received no later than 48 hours before the commencement of the Meeting, i.e. by no later than 2:00pm (AEST) on 25 May 2021. Any Proxy Form received after that time will not be valid for the Meeting. Proxy Form must be received at the following address:

By mail: Automic
 GPO Box 5193
 Sydney NSW 2001

By email: meetings@automicgroup.com.au

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

Shareholders lodging a Proxy Form are not precluded from attending and voting in person at the Meeting.

1.2 Voting in person

In light of the status of the evolving COVID-19 situation and the Commonwealth and State government restrictions on public gatherings in place at the date of this Notice of Meeting, the Directors strongly encourage all Shareholders to lodge a directed proxy form prior to the Meeting. The Chairman will adjourn the Meeting where the number of attendees may lead to the breach local public health laws and regulations.

1.3 Corporate representatives

Shareholders who are body corporates may appoint a person to act as their corporate representative at the Meeting by providing that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as the body corporate's representative. The authority may be sent to the Company and/or registry in advance of the Meeting or handed in at the Meeting when registering as a corporate representative.

An appointment of corporate representative form is available from the website of the Company's share registry (Advanced Share Registry Services).

1.4 Eligibility to vote

For the purposes of regulations 7.11.37 and 7.11.38 of the Corporations Act Regulations, the Directors have determined that, for the purposes of voting at the Meeting, Shareholders are those persons who are the registered holders of Shares at 7:00 pm (AEST) on 25 May 2021.

1.5 Poll

All Resolutions will be determined by poll.

2 ANNUAL REPORT

There is no requirement for Shareholders to approve the Annual Report.

Shareholders will be offered the opportunity to:

- (a) discuss the Annual Report for the financial year ended on 31 December 2020 which is available on the ASX platform at www.asx.com.au; and
- (b) ask questions about or make comment on the management of the Company.

The chair of the Meeting will allow reasonable opportunity for the Shareholders as a whole at the Meeting to ask the auditor or the auditor's representative questions relevant to:

- (a) the conduct of the audit;
- (b) the preparation and content of the auditor's report;
- (c) accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- (d) the independence of the auditor in relation to the conduct of the audit.

In addition to taking questions at the Meeting, written questions to the Company's auditor about:

- (a) the content of the auditor's report to be considered at the Meeting; and
- (b) the conduct of the audit of the annual financial report to be considered at the Meeting,

may be submitted no later than 5 business days before the Meeting to the Company Secretary at the Company's registered office.

3 RESOLUTION 1 - REMUNERATION REPORT

3.1 Introduction

The Remuneration Report is in the Directors' Report section of the Company's Annual Report.

By way of summary, the Remuneration Report:

- (a) explains the Company's remuneration policy and the process for determining the remuneration of its Directors and executive officers;
- (b) addresses the relationship between the Company's remuneration policy and the Company's performance; and
- (c) sets out remuneration details for each Director and each of the Company's executives and group executives named in the Remuneration Report for the financial year ended on 31 December 2020.

Section 250R(2) of the Corporations Act requires companies to put a resolution to their members that the Remuneration Report be adopted. The vote on this resolution is advisory only, however, and does not bind the Board or the Company. The Board will consider the outcome of the vote and comments made by Shareholders on the Remuneration Report at the Meeting when reviewing the Company's remuneration policies.

The Chair will give Shareholders a reasonable opportunity to ask questions about or to make comments on the Remuneration Report.

3.2 Voting consequences

Under the Corporations Act, if 25% or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive annual general meetings, Shareholders will be required to vote at the second of those annual general meetings on a resolution that a further meeting is held at which all of the Company's Directors who were directors when the resolution to make the directors report considered at the later annual general meeting was passed (other than the Managing Director) must go up for re-election (**Spill Resolution**).

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

All of the directors of the company who were directors of the Company when the resolution to make the directors' report considered at the second annual general meeting was passed, other than the managing director of the company, will cease to

hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Shareholders approved the Company's Remuneration Report for financial year ended on 31 December 2019, and as a result there is no requirement to vote on a Spill Resolution if 25% or more of the votes cast vote against Resolution 1.

4 RESOLUTIONS 2 AND 3 - RE-ELECTION OF DIRECTORS

4.1 Introduction

ASX Listing Rule 14.4 provides that a director of an entity must not hold office (without re-election) past the third annual general meeting following the director's appointment or 3 years, whichever is the longer, and that a director appointed to fill a casual vacancy must also not hold office (without re-election) past the company's next annual general meeting.

Pursuant to rule 20.2 of the Company's Constitution, one-third of the Directors or, if their number is not a multiple of three, the number nearest to one-third, except the Managing Director, are required to retire by rotation at each Annual General Meeting.

4.2 Cheng (William) Wang

In accordance with rule 12.3(a) of the Company's Constitution and having last been re-elected in 2016, Mr Wang retires from office at this Meeting and offers himself for re-election.

Details of Mr Wang's qualifications and experience are set out in the Company's 2020 Annual Report.

4.3 Michael John Chapman

Mr Chapman was appointed by the Company's board August 2020 and in accordance with rule 12.8 of the Company's Constitution, retires from office at this Meeting. Mr Chapman offers himself for re-election.

Details of Mr Chapman's qualifications and experience are set out in the Company's 2020 Annual Report.

4.4 Directors' recommendation

The Board (excluding Mr Wang) recommend that Shareholders vote in favour of Resolution 2.

The Board (excluding Mr Chapman) recommend that Shareholders vote in favour of Resolution 3.

5 RESOLUTION 4 - RATIFICATION OF PRIOR ISSUE OF SHARES UNDER THE PLACEMENT

5.1 Introduction

On 9 October 2020 the Company announced that it had completed a bookbuild to raise approximately \$4.64 million to new and existing sophisticated institutional investors at an issue price of \$0.01 per Share (**Placement**). The Placement was lead managed by Hartleys and was supplemented by a share purchase plan on the same terms that raised approximately a further \$2.53 million.

The Shares were agreed to be issued under the Placement without Shareholder approval using the Company's capacity under Listing Rule 7.1 and 7.1A, and the Shares were issued on 16 October 2020.

Funds raised will be used towards the Company's Galalar Silica Project in North Queensland, costs of the capital raising and working capital.

The effect on the capital structure of the Company and dilution effect from the issue is as follows:

Shares on issue prior to the Placement	1,855,451,346	72.1%
Placement	463,862,800	18.0%
Share Purchase Plan	253,642,500	9.9%
Total Shares on issue following the Placement and Share Purchase Plan	2,572,956,646	100.0%

5.2 Listing Rules

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

ASX Listing Rule 7.1A provides that in addition to issues permitted without prior shareholder approval under ASX Listing Rule 7.1, an entity that is eligible and obtains shareholder approval under ASX Listing Rule 7.1A may issue or agree to issue during the period for which the approval is valid a number of quoted equity securities which represents 10% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period as adjusted in accordance with the formula in ASX Listing Rule 7.1A.

Listing Rule 7.4 allows shareholders to ratify an issue of, or agreement to issue, equity securities after it has been made or agreed to be made. If they do, the issue or agreement is taken to have been approved under Listing Rule 7.1 or 7.1A, and so

does not reduce the company's capacity to issue further equity securities without shareholder approval under those rules.

Where an eligible entity obtains shareholder approval to increase its placement capacity under ASX Listing Rule 7.1A, then any ordinary securities issued under that additional placement capacity:

- (a) will not be counted in variable "A" in the formula in ASX Listing Rule 7.1A; and
- (b) are counted in variable "E",

until their issues have been ratified under ASX Listing Rule 7.4 (and provided that the previous issue did not breach ASX Listing Rule 7.1A) or 12 months has passed since their issues.

Resolution 4 seeks Shareholder approval under Listing Rule 7.4 to ratify the issue of 463,862,800 Shares under the Placement.

If Resolution 4 is passed, the issue will be excluded in calculating the Company's 15% and 10% limit under Listing Rules 7.1 and 7.1A, effectively increasing the number of equity securities it can issue without Shareholder approval over the 12 months following the issues. If Resolution 4 is not passed, the issues will be included in calculating the Company's 15% and 10% limits under Listing Rules 7.1 and 7.1A, effectively decreasing the number of equity securities it can issue without Shareholder approval under Listing Rule 7.1 and 7.1A over the 12 months following the issues.

5.3 Resolution 4 - Information required by Listing Rule 7.5

For the purposes of Listing Rule 7.5, the following information is provided for the ratification of the issue of the Placement Shares:

- (a) The securities were issued to institutional and sophisticated investors lead-managed by Hartleys, who are not related parties to the Company or otherwise persons to whom Listing Rule 10.11 applies, a member of the Company's Key Management Personnel, a substantial Shareholder of the Company, an advisor to the Company or an associate of such persons.
- (b) The number of securities issued by the Company was 463,862,800 Shares.
- (c) The Placement Shares are fully paid ordinary shares in the capital of the Company, ranking equally with existing Shares on issue.
- (d) The Shares were issued on 16 October 2020.
- (e) The Shares were issued at an issue price of \$0.01 per Share.
- (f) The Shares were issued to raise \$4.64 million. The intended use of funds is set out in section 5.1.
- (g) Other than as set out in this section 5, there are no other material terms in relation to the issue.

- (h) A voting exclusion statement is included in the Notice.

6 RESOLUTION 5 - APPROVAL OF 10% PLACEMENT FACILITY

6.1 Introduction

The Company seeks Shareholder approval to issue Equity Securities up to 10% of its issued share capital through placements over a Relevant Period following shareholder approval (**10% Placement Facility**).

The exact number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to section 6.2(a) below).

Any funds raised will be used for further advancing of the Galalar Silica Project and general working capital.

Resolution 5 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

6.2 Listing Rule 7.1A

Listing Rule 7.1A enables eligible entities to issue quoted Equity Securities up to 10% of its issued share capital through placements over a Relevant Period following shareholder approval by way of a special resolution. The 10% Placement Facility is subject to conditions and is addition to the Company's 15% placement capacity under Listing Rule 7.1.

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

- (a) Maximum number of Equity Securities which may be issued

The number of Equity Securities which may be issued, or agreed to be issued, under the 10% Placement Facility is prescribed in Listing Rule 7.1A.2 and is calculated as follows:

$\text{Number of Equity Securities} = (A \times D) - E$

"A" the number of fully paid ordinary shares on issue at the commencement of the Relevant Period:

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

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

“D” is 10%.

“E” is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the Relevant Period where the issue or agreement has not been subsequently approved by Shareholders under Listing Rule 7.4.

The actual number of Equity Securities that may be issued under Listing Rule 7.1A is calculated at the date of issue of the Equity Securities in accordance with the above formula.

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

As the date of this Notice (and prior to Shareholders considering Resolution 4), the Company has:

- (i) the following securities on issue:
- (A) 2,575,456,646 fully paid ordinary shares;
 - (B) 50,000,000 unlisted options exercisable at 2.4 cents each, expiring 3 June 2021;

- (C) 179,214,365 unlisted options exercisable at 2 cents each, expiring 4 February 2022; and⁵
 - (D) 4,233,988 unlisted performance rights.
 - (ii) the capacity to issue:
 - (A) 38,421,375 Equity Securities under Listing Rule 7.1; and
 - (B) 25,614,287 Equity Securities under Listing Rule 7.1A.
- (b) Minimum Issue Price

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

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

6.3 Specific information required by Listing Rule 7.3A

For the purposes of Listing Rule 7.3A, the following information is provided about the proposed issue:

- (a) The approval will be valid for the period commencing on the date of the Meeting and expires on the first to occur of the following:
 - (i) the date that is 12 months after the date of the Meeting;
 - (ii) the time and date of the Company's next annual general meeting; and
 - (iii) the time and date of the approval by Shareholders of a transaction under Listing Rule 11.1.2 or Listing Rule 11.2.
- (b) The Equity Securities will be issued for a cash consideration per security which is not less than 75% of the VWAP for the Company's Equity Securities over the 15 Trading Days on which trades in that class were recorded immediately before:
 - (i) the date on which the price at which the Equity Securities are to be issued is agreed by the Company and the recipient of the Equity Securities; or
 - (ii) if the Equity Securities are not issued within 10 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

- (c) The issue under Listing Rule 7.1A can only be made for cash consideration. The Company intends to use any funds raised towards an acquisition of new assets or investments (including expense associated with such acquisition), continued exploration and expenditure on the Company's current assets and/or general working capital.
- (d) There is a risk of economic and voting dilution to existing Shareholders in approving the 10% Placement Facility, including the risks that:
- (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than when Shareholders approve the 10% Placement Facility; and
 - (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date, or issued for non-cash consideration for the acquisition of a new asset.

Following is a table that sets out the potential dilution of existing Shareholders if Equity Securities are issued under the 10% Placement Facility:

Variable "A" in Listing Rule 7.1A.2		10% Voting Dilution		
		\$0.01 50% decrease in Issue Price	\$0.02 Issue Price	\$0.03 100% increase in Issue Price
Current Variable A (2,575,456,646 Shares)	Shares issued	257,545,665	257,545,665	257,545,665
	Funds Raised	\$2,575,457	\$5,150,913	\$10,301,827
50% increase in current Variable A (3,863,184,969 Shares)	Shares issued	386,318,497	386,318,497	386,318,497
	Funds Raised	\$3,863,185	\$7,726,370	\$15,452,740
100% increase in current Variable A (5,150,913,291 Shares)	Shares issued	515,091,329	515,091,329	515,091,329
	Funds Raised	\$5,150,913	\$10,301,827	\$20,603,653

The table has been prepared on the following assumptions:

- (iii) The Company issues, or agrees to issue, the maximum number of Equity Securities available under the 10% Placement Facility.
- (iv) No Options have been exercised before the date of the issue of the Equity Securities.
- (iii) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.

- (iv) The issue of Equity Securities under the 10% Placement Facility consists only of Shares. If the issue of Equity Securities includes quoted options, it is assumed that those quoted options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
- (v) The issue price is [\$0.02] being the closing price of the Shares on ASX on 8 April 2021.

The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of the Meeting.

The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.

The Company will comply with the disclosure obligations under Listing Rules 7.1A.4 upon issue of any Equity Securities.

- (e) The Company is yet to identify the persons to whom Equity Securities will be issued to under the 10% Placement Facility. The Company's policy for allocating Equity Securities issued under the 10% Placement Facility will be determined on a case-by-case basis depending upon the purpose, and prevailing market conditions at the time, of any issue and having regard to factors including but not limited to the following:
 - (i) The fundraising methods available to the Company, including but not limited to, rights issue or other issue which may minimise dilution to Shareholders.
 - (ii) The effect of the issue of the Equity Securities on the control of the Company.
 - (iii) The financial situation and solvency of the Company.
 - (iv) Advice from corporate, financial and broking advisers (if applicable).

The subscribers may include existing substantial Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company.

- (f) Details of the issue of Equity Securities under Listing Rule 7.1A.2 in the 12 months preceding the date of the Meeting is set out in SCHEDULE 1. There is no circumstance that the Company has agreed before the 12 month period to issue Equity securities under Listing Rule 7.1A.2 but as at the date of the Meeting not yet issued those Equity Securities.
- (g) At the date of the Notice, the Company is not proposing to make an issue of Equity Securities under Listing Rule 7.1A.2, no voting exclusion statement is required for the Notice.

6.4 Directors' recommendation

The Board unanimously recommends that Shareholders vote in favour of Resolution 5. This will allow the Company to issue securities and raise funds under Listing Rule 7.1A.

7 RESOLUTION 6 - APPROVAL OF EMPLOYEE INCENTIVE SCHEME

7.1 Introduction

Shareholders last approved an employee share option plan for the Company in 2012. That plan has expired and the Company seeks Shareholder approval to adopt a new plan (**DRX Employee Incentive Scheme**).

The purpose of the plan is to reward the Company's employees, officers and consultants and to better align their interests with the Company's by providing an appropriate letter of incentive to add value to the Company. A summary of the plan terms is set out in SCHEDULE 3. The full terms are available from the Company upon request and will be tabled at the Meeting.

7.2 Regulatory requirements

Listing Rule 7.1 limits the number of equity securities that a Company can issue in any 12 month period. An exception to the limit are equity securities issued under a plan approved by shareholders in accordance with Listing Rule 7.2 exception 13.

Resolution 6 seeks that approval.

7.3 Information required by Listing Rule 7.2 exception 13

For the purposes of Listing Rule 7.2 exception 13, the following information is provided about the approval of the DRX Employee Incentive Scheme:

- (a) A summary of the terms of the scheme is in SCHEDULE 3.
- (b) The number of securities issued under the scheme since the date of the last approval under Listing Rule 7.2 exception 13 is 15,400,000.
- (c) The maximum number of equity securities proposed to be issued under the scheme following the approval is 257,545,665.
- (d) A voting exclusion statement is included in the Notice.

8 RESOLUTIONS 7 TO 10 - APPROVAL OF OPTIONS TO DIRECTORS

8.1 Introduction

The Company proposes to issue 10,000,000 Director Options to each Director. The Director Options will be issued for nil cash consideration and as part remuneration

for Director services provided by the Directors to the Company, and will vest as follows:

- (a) Tranche 1: 3,333,334 Director Options vest in 12 months from issue at an exercise price of \$0.025 per Director Option;
- (b) Tranche 2: 3,333,333 Director Options vest in 24 months from issue at an exercise price of \$0.03 per Director Option;
- (c) Tranche 3: 3,333,333 Director Options vest in 36 months from issue at an exercise price of \$0.035 per Director Option;

Funds raised upon exercise of Director Options will be used for general working capital.

The effect of the issues under Resolutions 7 to 10, assuming the Director Options are exercised and no other Shares are issued, is to dilute existing Shareholders by approximately 1.53%.

8.2 Regulatory requirements

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

- (a) the giving of the financial benefit falls within one of the exceptions to the provision; or
- (b) prior shareholder approval is obtained to the giving of the financial benefit.

Related party is widely defined under the Corporations Act, and includes directors of a company. Financial benefit is defined broadly and includes security issues. The Corporations Act requires that any consideration that is given is disregarded, even if the consideration is adequate.

Section 195(4) of the Corporations Act provides that a director of a public company may not vote or be present during meetings of directors when matters in which that director holds a material personal interest are being considered, except in certain circumstances or unless non-interested directors pass a resolution approving the interested director's participation.

Given approval is being sought for the issue of Director Options to all Directors pursuant to Resolutions 7 to 10, each of the Directors (comprising the Board) have a material personal interest in the outcomes of Resolutions 7 to 10 and a quorum cannot be formed to consider the matters contemplated by Resolutions 7 to 10 at Board level. The Board therefore proposes to seek shareholder approval for such issues.

Accordingly, Resolutions 7 to 10 seek Shareholder approval under Chapter 2E of the Corporations Act for the issue of Director Options to Directors.

The issue of Director Options to Directors fall within Listing Rule 10.11.1 and do not fall within any of the exceptions in Listing Rule 10.12. They therefore require the Shareholder approval under Listing Rule 10.11. Resolutions 7 to 10 seek that

approval. The effect of passing Resolutions 7 to 10 will be to allow the Directors to issue securities in accordance with the Resolutions without those securities being included in the 15% limit under Listing Rules 7.1. If Resolution 7, 8, 9 or 10 is not passed, the Company will not proceed with the issue the subject of the failed Resolution and will consider other ways to incentive and reward the relevant Director/s.

8.3 Information required by Chapter 2E of the Corporations Act

For the purposes of section 219 of the Corporations Act and ASIC Regulatory Guide 76, the following information is provided to Shareholders to enable them to assess the merits of Resolutions 7 to 10:

- (a) The related party to whom Resolutions 7 to 10 would permit the benefit to be given are Messrs Gregory Starr, Chen (William) Wang, Yufeng (Daniel) Zhuang and Michael Chapman, who are each Directors, or their nominees.
- (b) The nature of the financial benefit is 10,000,000 Director Options to each Director.
- (c) The Director Options are Options on the terms in SCHEDULE 4 and vest with an exercise price as follows:
 - (i) Tranche 1: 3,333,334 Director Options vest in 12 months from issue at an exercise price of \$0.025 per Director Option;
 - (ii) Tranche 2: 3,333,333 Director Options vest in 24 months at an exercise price of \$0.03 per Director Option;
 - (iii) Tranche 3: 3,333,333 Director Options vest in 36 months at an exercise price of \$0.035 per Director Option;
- (d) Reasons for giving the benefit:
The reason for giving the benefit is set out in section 8.1 above.
- (e) The existing relevant interest of the Directors in securities of the Company are set out below:

Related Party	Shares	Options
Gregory Starr	-	-
Chen (William) Wang	6,267,255	-
Yufeng (Daniel) Zhuang	151,841,819	-
Michael Chapman	-	-

(f) Total remuneration package

Related Party	Estimate	Actual
	Current Financial Year (31 December 2021)	Previous Financial year (31 December 2020)
	(\$)	(\$)
Gregory Starr	71,175	71,175
Chen (William) Wang	51,465	51,465
Yufeng (Daniel) Zhuang	114,975	114,975
Michael Chapman	51,465	21,443

(g) Dilution

The dilutive effect of the issues under Resolutions 7 to 10 on the capital structure of the Company is, assuming the Director Options are exercised and no other Shares are issued is approximately 1.53%.

(h) The Options will be valued using the Binomial valuation methodology.

(i) Other Information

The Directors are not aware of any other information that is reasonably required by Shareholders to allow them to make a decision on whether it is in the best interests of the Company to pass Resolutions 7 to 10.

8.4 Resolutions 7 to 10 - Information required by Listing Rule 10.13

For the purposes of Listing Rule 10.13, the following information is provided about the grant of the Incentive Options under Resolutions 7 to 10:

- (a) The persons participating in the issue are Messrs Gregory Starr, Chen (William) Wang, Yufeng (Daniel) Zhuang and Michael Chapman or their nominees, each of whom is a related party.
- (b) Each of the persons is a Director, is therefore a related party and subject to Listing Rule 10.11.1.
- (c) The maximum number of securities to be issued is 40,000,000 Director Options, with the details set out in section 8.1 above.
- (d) The securities to be issued are Options on the terms in SCHEDULE 4 and vest with an exercise price as follows:

- (i) Tranche 1: 3,333,334 Director Options vest in 12 months from issue at an exercise price of \$0.025 per Director Option;
 - (ii) Tranche 2: 3,333,333 Director Options vest in 24 months at an exercise price of \$0.03 per Director Option;
 - (iii) Tranche 3: 3,333,333 Director Options vest in 36 months at an exercise price of \$0.035 per Director Option.
- (e) The securities will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that issue will occur on the same date.
 - (f) The Director Options are being issued to remunerate and incentive Directors and no funds will be raised from the issue. Funds raised from Director Options being exercised will be used for working capital.
 - (g) The Directors' current total remuneration packages are set out in section 8.3(f) above.
 - (h) Other than set out in this section, there are no other material terms in relation to the issue.
 - (i) A voting exclusion statement is included in the Notice.

8.5 Directors recommendation

The Directors refrain from making a recommendation in relation to Resolutions 7 to 10 as they have a personal interest in the Resolutions.

SCHEDULE 1 DEFINITIONS

In this Notice and Explanatory Statement:

AEST	means Australia East Standard Time.
ASX	means ASX Limited or the Australian Securities Exchange operated by ASX Limited, as the context requires.
Board	means the board of Directors.
Chair or Chairperson	means the chair of the Company.
Closely Related Party of a member of the Key Management Personnel	means a spouse or child of the member; or a child of the member's spouse; or a dependent of the member or the member's spouse; or 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 entity; or a company the member controls; or a person prescribed by the <i>Corporations Regulations 2001</i> (Cth).
Company or DRX	means Diatreme Resources Limited (ACN 061 267 061).
Constitution	means the constitution of the Company as amended.
Corporations Act	means the <i>Corporations Act 2001</i> (Cth) as amended.
Director	means a director of the Company.
Director Option	means an Option on the terms in SCHEDULE 4.
DRX Employee Incentive Scheme	means the DRX employee incentive scheme, the terms of which are summarised in SCHEDULE 3.
Equity Securities	has the same meaning given in the Listing Rules.
Explanatory Statement	means this Explanatory Statement.
Key Management Personnel	has the same meaning given in the Listing Rules.
Listing Rule	means the listing rules of the ASX.
Meeting	means the meeting convened by this Notice (as adjourned from time to time).
Notice	means this notice of meeting.

Placement	has the meaning given in section 5.
Placement Share	means a Share issued under the Placement.
Proxy Form	means the proxy form attached to this Notice.
Relevant Period	has the meaning given in Listing Rule 7.1, being <ul style="list-style-type: none"> (a) if the entity has been admitted to the official list for 12 months or more, the 12 month period immediately preceding the date of the issue or agreement; or (b) if the entity has been admitted to the official list for less than 12 months, the period from the date the entity was admitted to the official list to the date immediately preceding the date of the issue or agreement.
Remuneration Report	means the remuneration report of the Company included in the Directors' Report section of the Company's Annual Report.
Resolution	means a resolution set out in the Notice.
Securities	has the meaning given in the Listing Rules.
Share	means a fully paid ordinary share in the capital of the Company.
Shareholder	means a holder of a Share.
Spill Meeting	has the meaning given in section 3.2 of the Explanatory Statement.
Spill Resolution	has the meaning given in section 3.2 of the Explanatory Statement.
Trading Days	means a day determined by ASX to be a trading day in accordance with the Listing Rules.
VWAP	means volume weighted average price as defined in the Listing Rules.

SCHEDULE 2 INFORMATION REQUIRED BY LISTING RULE 7.3A.6

Issue 1 - Placement	
Date of issue:	16 October 2020
Number issued:	463,862,800, representing 25% of the total number of equity securities on issue at the commencement of the 12 month period before the Meeting, being 1,855,451,346 Shares (referring to appendix 2A on 16 October 2020)
Class/Type of equity security:	Fully paid ordinary shares
Names of persons who received securities or basis on which those persons was determined:	Sophisticated and professional investors and existing shareholders, with Hartleys Limited as Lead Manager
Price:	\$0.010 per share (actual)
Discount to market price:	15% discount to the 15-day VWAP of the Company's share price of \$0.012 per share prior to 6 October 2020 (inclusive), being the last day trading day before the announcement of the Placement
Cash received	\$4,638,628 (before costs)
Use of proceed	The Company's intended use of the proceeds is to further advance the Galalar Silica Project, costs of the raising and general working capital.

SCHEDULE 3 TERMS OF DIATREME EMPLOYEE INCENTIVE SCHEME

The material terms of the Diatreme Employee Incentive Scheme are as follows:

(a) Purpose of the Plan

- (i) provide an incentive for Eligible Participants to participate in the future growth of the Company and, upon becoming shareholders, to participate in the Company's profits and development;
- (ii) ensure that securities issued under the Equity Incentive Plan are issued in accordance with the Corporations Act and the Listing Rules.

(b) Participants in the Plan

The Board may offer Options and/or Performance Rights (Incentive Securities) to persons (**Plan Participants**) who are Directors, employees or consultants of the Company based on a number of criteria including potential contribution to the Company in the future and other factors the Board considers relevant and on such issue terms as the Directors see fit.

Upon receipt of such an offer, the Plan Participant may nominate a nominee acceptable to the Board to be issued with the Incentive Securities.

(c) Number of Incentive Securities

The maximum number of Incentive Securities issued under the Plan over a 3 year period is 5% of the total number of fully paid ordinary shares on issue in the Company.

(d) Terms of Incentive Securities

- (i) An uncertified holding statement will be issued for the Incentive Securities;
- (ii) The Incentive Securities shall lapse on the earliest of the relevant dates set out below (**Expiry Date**):
 - (A) the date on which the Plan Participant's appointment with the Company is terminated for cause;
 - (B) unless the Board agrees otherwise, the Participant's resignation or employment or engagement with the Company or an associated body corporate is terminated;
 - (C) the date specified by the Board upon the grant of an Incentive Securities.
- (iii) Incentive Securities shall be issued subject to such vesting conditions as the Board determines.
- (iv) Each Incentive Security shall carry the right in favour of the Plan Participant to be issued one (1) Share upon:
 - (A) in the case of Options, vesting of the Option and (if applicable) payment of the Option exercise price determined by the Board in its discretion (**Exercise Price**); and

- (B) In the case of Performance Rights, vesting of the Performance Rights.
- (v) The Option Exercise Price shall be payable in full on exercise of the Options.
- (vi) The Options held by each Option holder may be exercised in whole or in part, at any time upon any vesting conditions being satisfied, up to and including the Expiry Date by the delivery to the registered office of the Company of a notice in writing stating the intention of the Plan Participant to:
 - (A) exercise all or a specified number of Options; and
 - (B) pay the Exercise Price by way of subscription monies in full for the exercise of each Option.

The notice must be accompanied by a cheque made payable to the Company for the subscription monies for the shares. An exercise of only some Options shall not affect the rights of the Plan Participant to the balance of the Options held by the Plan Participant, subject to any vesting conditions.

- (vii) The Company shall allot the resultant shares and deliver the share certificate or uncertified holding statement within 5 business days of the exercise of the Options or vesting of Performance Rights (as the case may be), or such other date as required by the Listing Rules.
- (viii) Incentive Securities shall not be listed for Official Quotation on ASX.
- (ix) The Incentive Securities are not transferable except to an associate (as defined in the Corporations Act) of the Plan Participant or nominee approved by the Board in its discretion.
- (x) Shares allotted pursuant to an exercise of the Options or vesting of Performance Rights shall rank from the date of allotment, equally with existing fully paid ordinary shares in all respects.
- (xi) The Company shall, in accordance with the Listing Rules, make application to have Shares allotted pursuant to an exercise of Options or vesting of Performance Rights listed for Official Quotation on ASX.
- (xii) In the event of a reconstruction (including consolidation, subdivision, reduction or return of the issued capital of the Company), all rights of the Plan Participant shall be reconstructed in accordance with the Listing Rules.
- (xiii) Subject to paragraph (xii), the Plan Participant shall have no rights to a change in the Exercise Price of an Option or a change to the number of Shares over which an Option can be exercised.
- (xiv) If the Company enters into a scheme of arrangement, a takeover bid is made for the Company's shares, or a party acquires a sufficient interest in the Company to enable them to replace the Board (or the Board forms the view that one of those events is likely to occur) then the Board may declare an Option to be free of any conditions of exercise. Options which are so declared may be exercised at any time on or before they lapse.

- (xv) There are no participating rights or entitlement inherent in the Incentive Securities and Plan Participants will not be entitled to participate in new issues of securities offered to Shareholders of the Company during the currency of the Incentive Securities.
- (e) **Taxation**

Under current taxation laws any taxation liability in relation to the Incentive Securities, or the Shares issued on exercise of the Options or vesting of Performance Rights, will fall on the Plan Participants.
- (f) **Lapse**

If at any time before the exercise of an Incentive Securities, the holder of the Incentive Securities ceases to be an Eligible Employee, all Incentive Securities held by the Eligible Employee will automatically lapse unless the Board otherwise determines.
- (g) **Participation by Directors**

Although Directors are eligible to be offered Incentive Securities under the Plan, this requires specific shareholder approval due to the requirements of the ASX Listing Rules and the Corporations Act.
- (h) **Administration of the Plan**

The Incentive Plan will be administered under the directions of the Board and the Board may make regulations and establish procedures for the administration and management of the Incentive Plan as it considers appropriate.
- (i) **Operation**

The operation of the Incentive Plan is subject to the ASX Listing Rules and the Corporations Act.

SCHEDULE 4 DIRECTOR OPTION TERMS

(a) Entitlement

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

(b) Exercise Period

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

(c) Notice of Exercise

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company. The minimum number of Options that may be exercised at any one time is the lesser of:

- (i) \$500 divided by the Option Exercise Price; and
- (ii) the total number of Options held by the holder.

(d) Exercise Date

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

(e) Timing of issue of Shares on exercise

Within 5 Business Days after the Exercise Date (or such other period as required by the Listing Rules from time to time), the Company will:

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

If a notice delivered under (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 business Days after becoming aware of such notice being

ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(f) Shares issued on exercise

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

(g) Quotation of Shares issued on exercise

If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Options

(h) Reconstruction of capital

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

(i) Participation in new issues

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

(j) Change in exercise price

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

(k) Transferability

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

Proxy Voting Form

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

Holder Number:

Your proxy voting instruction must be received by **2.00pm (AEST) on Tuesday, 25 May 2021** being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

SUBMIT YOUR PROXY

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

YOUR NAME AND ADDRESS

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

STEP 1 – APPOINT A PROXY

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

DEFAULT TO THE CHAIR OF THE MEETING

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

STEP 2 - VOTES ON ITEMS OF BUSINESS

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

APPOINTMENT OF SECOND PROXY

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

SIGNING INSTRUCTIONS

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

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

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

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

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

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

CORPORATE REPRESENTATIVES

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

Lodging your Proxy Voting Form:

Online:

Use your computer or smartphone to appoint a proxy at <https://investor.automic.com.au/#/loginsah> or scan the QR code below using your smartphone

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



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