

Acacia Coal Limited
ACN 009 092 068

Notice of General Meeting

The General Meeting of the Company will be held at the offices of Ventnor Capital, at Ground Floor, 16 Ord Street, West Perth WA 6005 on Monday, 26 October 2020 at 10am am (WST).

The Notice of General Meeting should be read in its entirety. If Shareholders are in doubt as to how to vote, they should seek advice from their accountant, solicitor or other professional advisor prior to voting.

Should you wish to discuss any matter, please do not hesitate to contact the Company Secretary by telephone on +61 8 9482 0520.

SHAREHOLDERS WILL NOT BE ABLE TO ATTEND THE MEETING IN PERSON.

Shareholders are urged to vote by lodging the proxy form attached to the Notice.

Acacia Coal Limited
ACN 009 092 068
(Company)

Notice of General Meeting

Notice is hereby given that a general meeting of Shareholders of Acacia Coal Limited will be held at the offices of Ventnor Capital, at Ground Floor, 16 Ord Street, West Perth WA 6005 on Monday, 26 October 2020 at 10am (WST) (**Meeting**).

The Board is closely monitoring the rapidly changing coronavirus (COVID-19) pandemic. The health of the Company's Shareholders, employees and other stakeholders is of paramount importance.

While the Board would like to host all Shareholders in person, in order to minimise the risk to Shareholders and to the Company and its ongoing operations, Shareholders will not be able to attend the Meeting in person.

Accordingly, the Directors strongly encourage all Shareholders to lodge Proxy Forms prior to the Meeting. The Company advises that a poll will be conducted for each of the Resolutions. Further information on how to participate in the Meeting is set out in the Explanatory Memorandum.

The Board will continue to monitor Australian Government restrictions on public gatherings. If it becomes necessary or appropriate to make alternative arrangements to those set out in this Notice, the Company will notify Shareholders accordingly via the Company's website at www.acaciacoal.com.au and the ASX announcements platform.

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

The Directors have determined pursuant to regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders on Saturday, 24 October 2020 at 5.00pm (WST).

Terms and abbreviations used in the Notice are defined in Schedule 1.

Agenda

Resolution 1– Consolidation of capital

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

"That, subject to each of the other Transaction Resolutions being passed, pursuant to and in accordance with section 254H of the Corporations Act and for all other purposes, the issued capital of the Company be consolidated on the terms and conditions in the Explanatory Memorandum, on the basis that:

- (a) *every 200 Shares be consolidated into 1 Share; and*
- (b) *all Options on issue be adjusted in accordance with Listing Rule 7.22,*

and, where this Consolidation results in a fraction of a security being held, the Company be authorised to round that fraction down to the nearest whole security."

Resolution 2 – Approval to change in nature and scale of activities

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

"That, subject to each of the other Transaction Resolutions being passed, pursuant to and in accordance with Listing Rule 11.1.2 and for all other purposes, Shareholders approve the significant change in the nature and scale of the Company's activities resulting from the Transaction and the Public Offer, on the terms and conditions set out in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by or on behalf of a counterparty to the Transaction that, of itself or together with one or more other transactions, will result in a significant change to the nature or scale of the Company's activities and any other person who will obtain a material benefit as a result of the Transaction (except a benefit solely by reason of being a Shareholder) or an associate of those persons.

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

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way;
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the 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 direction given by the beneficiary to the holder to vote in that way.

Resolution 3 – Approval to issue Consideration Shares to the GTS Vendors

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

"That, subject to each of the other Transaction Resolutions being passed, and pursuant to and in accordance with Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of 29,500,000 Shares to the GTS Vendors (or their respective nominees) (on a post-Consolidation basis) on the terms and conditions set out in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by or on behalf of the GTS Vendors (and their respective nominees) and any person who will obtain a material benefit as a result of the proposed issue (except a benefit solely by reason of being a Shareholder) or an associate of those persons.

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

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way;
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the 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 direction given by the beneficiary to the holder to vote in that way.

Resolution 4 – Approval of Employee Securities Incentive Plan

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

"That, subject to each of the other Transaction Resolutions being passed, pursuant to and in accordance with exception 13(b) of Listing Rule 7.2 and for all other purposes, Shareholders approve the establishment of the employee incentive scheme of the Company known as the "Sparc Technologies Limited Employee Securities Incentive Plan" and the issue of Securities under that plan, on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by or on behalf of a person who is eligible to participate in the employee incentive scheme or any of their respective associates.

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

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

Resolution 5 – Approval to create a new class of Performance Shares

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

*"That, subject to each of the other Transaction Resolutions being passed and pursuant to section 246B of the Corporations Act and for all other purposes, the Company be authorised to create a new class of shares (**Performance Shares**) on the terms and conditions set out in Schedule 6."*

Resolution 6 - Approval to issue Performance Shares to the Proposed Directors

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

"That, subject to each of the other Transaction Resolutions being passed, and pursuant to and in accordance with Listing Rule 10.14 and for all other purposes, Shareholders approve the issue of Performance Shares to the Proposed Directors (or their respective nominees) under the Plan as follows:

- (a) 2,250,000 Performance Shares to Mr Thomas Spurling;
- (b) 2,000,000 Performance Shares to Mr Stephen Hunt; and
- (c) 2,000,000 Performance Shares to Mr Daniel Eddington,

(on a post-Consolidation basis) on the terms and conditions set out in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast in favour of these Resolutions by or on behalf of a person referred to in Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the Plan, or any of their respective associates.

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

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way;

- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the 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 direction given by the beneficiary to the holder to vote in that way.

Resolution 7 - Approval to issue Performance Shares to Adrien Wing

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

"That, subject to each of the other Transaction Resolutions being passed, and pursuant to and in accordance with Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of 750,000 Performance Shares to Adrien Wing (or his nominee) under the Plan (on a post-Consolidation basis) on the terms and conditions set out in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by or on behalf of Adrien Wing (and his nominees) and any person who will obtain a material benefit as a result of the proposed issue (except a benefit solely by reason of being a Shareholder) or an associate of those persons.

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

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way;
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the 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 direction given by the beneficiary to the holder to vote in that way.

Resolution 8 – Approval to issue Public Offer Shares

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

"That, subject to each of the other Transaction Resolutions being passed, and pursuant to and in accordance with Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of up to 20,000,000 Shares (on a post-Consolidation basis) on the terms and conditions set out in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast in favour of 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 Shareholder) or any of their respective associates.

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

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way;
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the 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 direction given by the beneficiary to the holder to vote in that way.

Resolution 9(a)-(e) – Participation in Public Offer by Directors and Proposed Directors

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

"That, subject to each of the other Transaction Resolutions being passed, and pursuant to and in accordance with Listing Rule 10.11 and section 195(4) of the Corporations Act, and for all other purposes, Shareholders approve the issue of Shares to the Directors (or their respective nominees) as follows:

- (a) *up to 375,000 Shares to Adam Santa Maria;*
- (b) *up to 750,000 Shares to Logan Robertson;*
- (c) *up to 250,000 Shares to Brett Lawrence;*

(d) *up to 375,000 Shares to Stephen Hunt; and*

(e) *up to 500,000 Shares to Daniel Eddington,*

(on a post-Consolidation basis) on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast in favour of:

- (a) Resolution 9(a) by or on behalf of Adam Santa Maria (and his nominees) 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 Shareholder), or an associate of those persons;
- (b) Resolution 9(b) by or on behalf of Logan Robertson (and his nominees) 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 Shareholder), or an associate of those persons;
- (c) Resolution 9(c) by or on behalf of Brett Lawrence (and his nominees) 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 Shareholder), or an associate of those persons;
- (d) Resolution 9(d) by or on behalf of Stephen Hunt (and his nominees) 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 Shareholder), or an associate of those persons; and
- (e) Resolution 9(e) by or on behalf of Daniel Eddington (and his nominees) 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 Shareholder), or an associate of those persons.

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

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way;
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the 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 direction given by the beneficiary to the holder to vote in that way.

Resolution 10(a) and (b) – Approval to issue Securities to Lead Manager

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

"That, subject to each of the other Transaction Resolutions being passed, and pursuant to and in accordance with Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of Securities to the Lead Manager (or its nominee) as follows:

- (a) *up to 1,409,265 Options; and*
- (b) *250,000 Shares,*

(on a post-Consolidation basis) on the terms and conditions set out in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast in favour of these Resolutions by or on behalf of the Lead Manager (and its nominees) and 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 Shareholder) or an associate of those persons.

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

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way;
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the 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 direction given by the beneficiary to the holder to vote in that way.

Resolution 11(a) and (b) – Approval to issue Securities to Discovery Capital Partners

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

"That, subject to each of the other Transaction Resolutions being passed, and pursuant to and in accordance with Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of Securities to Discovery Capital Partners (or its nominee) as follows:

- (a) *375,000 Shares; and*

(b) 750,000 Options,

(on a post-Consolidation basis) on the terms and conditions set out in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast in favour of these Resolutions by or on behalf of Discovery Capital Partners (and its nominees) and any other person who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a Shareholder) or an associate of those persons.

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

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way;
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the 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 direction given by the beneficiary to the holder to vote in that way.

Resolution 12(a), (b) and (c) – Election of Directors

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

"That, subject to each of the other Transaction Resolutions being passed, Completion, and pursuant to and in accordance with rule 3.4 of the Constitution and for all other purposes, the following persons, being eligible and having consented to act, be elected as Director on and from Completion:

- (a) *Mr Stephen Hunt;*
- (b) *Mr Thomas Spurling; and*
- (c) *Mr Daniel Eddington."*

Resolution 13 – Change of Company Name

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

"That, subject to each of the other Transaction Resolutions being passed, and with effect from the date that ASIC alters the details of the Company's registration in accordance with section 157 of the Corporations Act, the Company change its name from Acacia Coal Limited to "Sparc Technologies Limited"."

Resolution 14 – Replacement of Constitution

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

"That, subject to each of the Transaction Resolutions being passed, and subject to Completion occurring, and pursuant to and in accordance with 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 the Proposed Constitution in its place in the form of the document tabled at the Meeting and signed by the Chair for the purposes of identification, with effect from Completion."

BY ORDER OF THE BOARD



Ben Donovan
Company Secretary
Acacia Coal Limited
Dated: 18 September 2020

Acacia Coal Limited
ACN 009 092 068
(Company)

Explanatory Memorandum

1. Introduction

The Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held at the offices of Ventnor Capital, at Ground Floor, 16 Ord Street, West Perth WA 6005 on Monday, 26 October 2020 at 10am am (WST) .

The Explanatory Memorandum forms part of the Notice which should be read in its entirety. The Explanatory Memorandum contains the terms and conditions on which the Resolutions will be voted.

The Explanatory Memorandum includes the following information to assist Shareholders in deciding how to vote on the Resolutions:

Section 1	Introduction
Section 2	Action to be taken by Shareholders
Section 3	Conditional Transaction Resolutions
Section 4	Background to the Transaction
Section 5	Risks associated with the Transaction
Section 6	Resolution 1 – Consolidation of capital
Section 7	Resolution 2 – Approval to change in nature and scale of activities
Section 8	Resolution 3 – Approval to issue Consideration Shares to the GTS Vendors
Section 9	Resolution 4 – Approval of Employee Securities Incentive Plan
Section 10	Resolution 5 – Approval to create a new class of Performance Shares
Section 11	Resolution 6 - Approval to issue Performance Shares to the Proposed Directors
Section 12	Resolution 7 - Approval to issue Performance Shares to Adrien Wing
Section 13	Resolution 8 – Approval to issue Public Offer Shares
Section 14	Resolution 9(a)-(e) – Participation in Public Offer by Directors and Proposed Directors
Section 15	Resolution 10(a) and (b) – Approval to issue Securities to Lead Manager

Section 16	Resolution 11(a) and (b) – Approval to issue Securities to Discovery Capital Partners
Section 17	Resolution 12(a), (b) and (c) – Election of Directors
Section 18	Resolution 13 – Change of Company Name
Section 19	Resolution 14 – Replacement of Constitution
Schedule 1	Definitions
Schedule 2	Transaction Based Comparison Table
Schedule 3	Pro forma Balance Sheet
Schedule 4	GTS Financial Statements for the years ended 30 June 2019 and 30 June 2020
Schedule 6	Terms and Conditions of Performance Shares
Schedule 7	Summary of Employee Securities Incentive Plan
Schedule 8	Valuation of Performance Shares
Schedule 9	Term and conditions of Listing Rule 10.13.5 Waiver

A Proxy Form is located at the end of the Explanatory Memorandum.

2. Action to be taken by Shareholders

Shareholders should read the Notice including the Explanatory Memorandum carefully before deciding how to vote on the Resolutions.

2.1 Voting in person

Given the current COVID-19 circumstances and in the interests of public health and safety of our Shareholders, the Company is not able to allow Shareholders to physically attend the Meeting. Please refer to the information below on how Shareholders can participate in the Meeting.

2.2 Proxies

All voting will be conducted by poll using proxy instructions received in advance of the Meeting. The poll will be conducted based on votes submitted by proxy and at the Meeting by shareholders who have indicated that they intend to vote at the Meeting in accordance with the instructions set out below.

The Directors instruct all shareholders who would like to have their vote counted to either:

- (a) vote by lodging a proxy form prior to Saturday 24 September at 5.00pm (WST) (**Proxy Cut-Off Time**) (recommended); or

- (b) Shareholders who wish to participate and vote at the Meeting should contact the Company at bdonovan@ventnorcapital.com or by phone at +61 8 9482 0520 prior to 5.00pm (WST) on Saturday 24 October 2020, at which point the Company will email you a personalised poll form for the purpose of voting on a poll at the Meeting.

How Shareholders can participate:

- (a) Shareholders are strongly urged to appoint the Chair as their proxy. Shareholders can complete the proxy form to provide specific instructions on how a Shareholder's vote is to be cast on each item of business, and the Chair must follow your instructions. Lodgement instructions (which include the ability to lodge proxies online) are set out in the Proxy Form attached to the Notice. If a person other than the Chair is appointed as proxy, the proxy will revert to the Chair in the absence of the appointed proxy holder's attendance at the Meeting.
- (b) Shareholders who intend to participate and vote on a poll at the Meeting must contact the Company at bdonovan@ventnorcapital.com or by phone at +61 8 9482 0520 to notify the Company that you intend to participate and vote on a poll at the Meeting by emailing the Company a poll form. You will also need to register and access the Shareholder Meeting by videoconference to follow the meeting and timing of the poll (see below). After giving notice and following the Proxy Cut-Off Time, the Company will send you a personalised poll form. The personalised poll form must be completed and returned to the Company after the poll has been called and prior to the close of polling. During the Meeting, the Chair will notify you when and how you are able to complete and return the personalised poll form. The results of the Meeting will then be announced on the ASX in accordance with the Listing Rules.
- (c) Shareholders who have completed a proxy form but have not notified the Company that you intend to participate and vote on a poll at the Meeting will have an opportunity to participate in the meeting through the videoconference facility described below. In this circumstance, the person you have appointed as proxy will cast your vote on your behalf. Shareholders are encouraged to complete a Proxy Form to provide specific instructions to the Chair on how the Shareholder's vote is to be exercised on each item of business. The Chair must follow your instructions.

A Proxy Form is enclosed with this Notice. The Directors strongly encourage all Shareholders to sign and return the Proxy Form to the Company or Share Registry in accordance with the instructions thereon.

2.3 Chair's voting intentions

The Chair intends to exercise all available proxies in favour of all Resolutions unless the Shareholder has expressly indicated a different voting intention.

2.4 Submitting questions

Shareholders may submit questions in advance of the Meeting to the Company. Questions must be submitted by emailing the Company Secretary at bdonovan@ventnorcapital.com by 5pm Saturday 24 October 2020.

Shareholders will also have the opportunity to submit questions during the Meeting in respect to the formal items of business. In order to ask a question during the Meeting, please follow the instructions from the Chair.

The Chair will attempt to respond to the questions during the Meeting. The Chair will request prior to a Shareholder asking a question that they identify themselves (including the entity name of their shareholding and the number of Shares they hold).

2.5 Remote attendance via video conference

The Meeting will be accessible to all Shareholders via a **live webinar**, which will allow Shareholders to listen and observe the Meeting and ask questions in relation to the business of the Meeting. To register and access the Meeting by webinar Shareholders should copy the link below to your web browser:

Link:

<https://us02web.zoom.us/j/89540402713?pwd=N3N3UE5jRUZCbJjNkRXZGFPSWI5Zz09>

Alternatively you can dial in:

Dial by your location

- +61 7 3185 3730 Australia
- +61 8 6119 3900 Australia
- +61 8 7150 1149 Australia
- +61 2 8015 6011 Australia
- +61 3 7018 2005 Australia
- +1 253 215 8782 US (Tacoma)
- +1 669 900 6833 US (San Jose)
- +1 346 248 7799 US (Houston)
- +1 929 436 2866 US (New York)
- +1 301 715 8592 US (Germantown)
- +1 312 626 6799 US (Chicago)

Further details on how to dial in to the videoconference will also be available on the Company's website.

3. Conditional Transaction Resolutions

The Transaction Resolutions (Resolution 1 to Resolution 14, inclusive) (**Transaction Resolutions**) are inter-conditional, meaning that each of them will only take effect if all of them are approved by the requisite majority of Shareholders' votes at the Meeting. If any of the Transaction Resolutions are not approved at the Meeting, none of the Transaction Resolutions will take effect and the Transaction and other matters contemplated by the Transaction Resolutions will not be completed.

4. Background to the Transaction

4.1 Existing activities of the Company

The Company was incorporated in Western Australia in 1984 and was admitted to the Official List on 3 July 1986. The principal activities of the Company has previously consisted of mineral exploration and development at its Mt Bruce Project (surrendered in June 2020) and Mt Windarra Project.

On 22 July 2020, the Company announced that it had entered into a binding share sale agreement (**Share Sale Agreement**) with Graphene Technology Solutions Ltd (**GTS**) and key shareholders of Graphene Technology Solutions Ltd whereby the Company will, on the satisfaction of various conditions precedent, acquire 100% of the issued capital of GTS.

GTS is an entity focussed on developing and commercialising graphene projects primarily through its strategic partnership with the University of Adelaide (**UoA**) and the Australian Graphene Hub established in South Australia. Further information in respect of GTS is set out in Section 4.3.

On completion of the Transaction, the primary undertaking of the Company will be to operate the GTS business.

4.2 The Transaction

(a) Share Sale Agreement

The Company has entered into the Share Sale Agreement with key shareholders of GTS which contemplates the Company acquiring 100% of the issued capital in GTS. It is a condition to completion under the Share Sale Agreement that the Company enters into ancillary share sale agreements (**Ancillary SSAs**) with all other shareholders of GTS (**Minority Sellers**) such that on Completion, the Company will acquire 100% of the issued shares in GTS. The Ancillary SSAs will complete at or around the same time as the Share Sale Agreement.

Under the Share Sale Agreement and the Ancillary SSAs, the Company will acquire all of the issued shares in GTS in consideration for the issue of 29,500,000 new Shares (**Consideration Shares**) to the GTS Vendors (on a post Consolidation basis). In conjunction with the Transaction, the Company will issue 7,000,000 Performance Shares (**Performance Shares**) to incoming board and management of the Company.

As part of the Transaction and to implement a more appropriate capital structure for the Company moving forward, the Company intends to consolidate its issued capital on a 200 to 1 basis.

Completion under the Share Sale Agreement is subject to satisfaction (or waiver) of certain conditions precedent, including:

- (i) (**Minority Sellers**) each Minority Seller providing the Company with an executed Ancillary SSA;
- (ii) (**Accounts**) GTS preparing audited accounts for the financial year ending 30 June 2018, 30 June 2019 and 30 June 2020, and delivering those accounts to the Company;
- (iii) (**Company due diligence**) the Company completing due diligence on GTS to its satisfaction;
- (iv) (**Website**) GTS relaunching its website to the satisfaction of the Company;
- (v) (**Constitution**) GTS replacing its constitution on terms agreeable to the Company;
- (vi) (**Pre-Emptive rights**) the waiver of any pre-emptive rights in respect of GTS' securities;
- (vii) (**ASX Waivers**) the Company obtaining all necessary waivers and confirmations required by the Listing Rules;
- (viii) (**Consolidation**) the Company completing the Consolidation as detailed above;

- (ix) **(Shareholder Approvals)** Shareholders approving the Transaction Resolutions;
- (x) **(Employment and/or services agreements)** the Company entering into employment and/or a services agreement with:
 - (A) Mr Stephen Hunt, in relation to his appointment as Executive Chairman of the Company;
 - (B) Mr Thomas Spurling, in relation to his appointment as Managing Director of the Company; and
 - (C) Mr Daniel Eddington, in relation to his appointment as a Non-Executive Director of the Company,
 subject to each of them providing documents to the satisfaction of ASX in respect of ASX's good fame and character requirements;
- (xi) **(Restriction agreements)** to the extent required by ASX or the Listing Rules, the execution of all necessary Restriction Agreements imposing such restrictions on trading of Shares as mandated by the Listing Rules;
- (xii) **(Public Offer)** the Company raising a minimum of \$3,000,000 through the issue of a minimum of 15,000,000 Shares (on a post-Consolidation basis) at an issue price of \$0.20 per share via the Public Offer;
- (xiii) **(Regulatory approvals and third party consents)** the Company obtaining all third-party consents and regulatory approvals which may be required to undertake the Transaction, including (but not limited to) consent of UoA to the Transaction;
- (xiv) **(ASX re-compliance)** the Company re-complying with the requirements of Chapters 1 and 2 of the Listing Rules in connection with the Transaction and receiving conditional approval from ASX to admit its Securities to official quotation on ASX on terms reasonably acceptable to the Company; and
- (xv) **(GTS and Key Shareholders due diligence)** GTS and key shareholders of GTS completing their due diligence on the Company to their satisfaction.

Completion of the Share Sale Agreement (and Ancillary SSAs) will take place 5 business days after satisfaction or waiver of the Conditions Precedent (or such other date as the parties may agree). On completion of the Share Sale Agreement and Ancillary SSAs, the Company will acquire 100% of the issued capital in GTS in consideration for the issue of Consideration Shares, and all existing Directors will resign, with the nominees of GTS (being Stephen Hunt, Thomas Spurling and Daniel Eddington) to be appointed to the Board.

The Share Sale Agreement contains additional provisions, including warranties and indemnities in relation to the status and operations of GTS which are considered standard for agreements of this kind. These warranties have been provided by GTS.

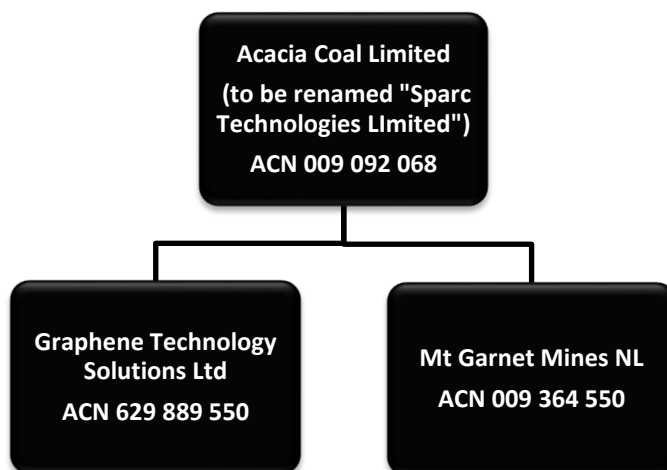
(b) **Transaction Resolutions**

As noted above, completion under the Share Sale Agreement is conditional on Shareholders approving the Transaction Resolutions. A summary of the Transaction Resolutions is as follows:

- (i) the approval for the consolidation of the Company's issued capital on a 200 to 1 basis (Resolution 1);
- (ii) the Transaction, if successfully completed, will represent a significant change in the nature and scale of the Company's operations, for which Shareholder approval is required under Listing Rule 11.1.2 (Resolution 2);
- (iii) the following Resolutions (all on a post-Consolidation basis):
 - (A) the issue of 29,500,000 Consideration Shares to the GTS Vendors (or their nominees) in consideration for the Company's acquisition of the GTS shares held by the GTS Vendors (Resolution 3);
 - (B) authorisation to create a new class of shares, being Performance Shares (Resolution 5) and the issue of 7,000,000 Performance Shares to incoming board and management (Resolution 6(a) to (c) and Resolution 7)
 - (C) the issue of up to 20,000,000 Public Offer Shares at an issue price of \$0.20 each to raise up to \$4,000,000 (before costs) under the Public Offer (Resolution 8);
 - (D) approval for the Related Party Participants to participate in the Public Offer (Resolution 9(a) to (e));
 - (E) approval to issue 1,409,265 Options and 250,000 Shares to the Lead Manager or its nominees as part consideration for Lead Manager and Underwriter services to be provided in respect of the Public Offer (Resolution 10(a) and (b)); and
 - (F) approval to issue 375,000 Shares and 750,000 Adviser Options to Discovery Capital Partners or its nominees as part consideration for corporate advisory services provided to the Company in respect of the Transaction (Resolution 11(a) and (b));
- (iv) approval to adopt an employee securities incentive scheme (Resolution 4);
- (v) the election of the following persons as Directors of the Company (Resolution 12(a) to (b)):
 - (A) Mr Stephen Hunt;
 - (B) Mr Thomas Spurling; and
 - (C) Mr Daniel Eddington;
- (vi) approval to change the Company's name to "Sparc Technologies Limited" (Resolution 13); and
- (vii) approval to replace the Company's Constitution with the Proposed Constitution (Resolution 14).

(c) **Corporate Structure**

The diagram below summarises the corporate structure of the Company following completion of the Transaction:



4.3 **Overview of GTS**

(a) **General overview**

GTS is an entity focussed on developing and commercialising graphene projects primarily through its strategic partnership with UoA and the Australian Graphene Hub established in South Australia (**Graphene Hub**). In particular, GTS is focussed on:

- (i) marine and protective coatings;
- (ii) metals recovery from tailings;
- (iii) soil remediation; and
- (iv) environmental remediation and water purification products,

(together, the **Graphene Projects**).

The Graphene Projects were initially developed by UoA and have been laboratory and field tested in application by UoA and the Graphene Hub, and are now pending full commercialisation. The material terms of the Graphene Hub Collaboration Agreement are set out in Section 4.7(a)(iii).

GTS is a public company and was founded in November 2018 in order to commercialise particular graphene based projects licensed from UoA. Specifically, GTS has the exclusive and royalty free Licence, to commercialise the graphene applications developed by the UoA.

GTS has issued UoA shares in consideration for the Licence. Currently, UoA is a substantial shareholder in GTS, with an approximately 13% shareholding prior to the Transaction and Public Offer and an anticipated holding of 5.9% in the Company upon completion of the Transaction and Public Offer (assuming the Minimum Subscription is

achieved). The material terms of the Technology Licence Agreement with UoA are set out in Section 4.7(a)(i).

In addition, GTS has been granted preferred partner status by UoA and under a Strategic Partnership Agreement with UoA, GTS has the first right of offer, to commercialise additional intellectual property (including patents) of UoA, which are not already encumbered by a third party. The material terms of the Strategic Partnership Agreement are set out in Section 4.7(a)(ii).

(b) **Current level of operations**

The patents licensed under the Technology Licence Agreement are as follows:

Graphene Project	IP Status	Applications
Marine and Protective Coatings	PCT/AU2017/05 0990	Coatings for anti-corrosion, anti-fouling, wear resistance, drag resistance and fire retardant
Metal recovery from tailings	PCT/AU2016/05 0417	In-situ recovery of precious metals based on graphene adsorbents.
Water Purification and Soil Remediation	PCT/AU2016/05 0417	Water purification, oil removal from water, soil remediation
Sound Absorption	PCT/AU2018/05 018	High performance acoustic foams having high performance acoustic absorption, as well as increased moisture insulation and fire-retardant properties

Further details regarding the intellectual property licensed to GTS by UoA are set out in Section 4.7 of this Notice.

All work is currently undertaken at UoA, however subject to completion the Transaction and Public Offer, GTS intends to secure its own premises to perform much of the development work. Currently all of GTS's work is performed by UoA and the GTS team which currently comprises of 5 contractors and 2 part time employees.

(c) **Competitors**

The Graphene industry is a new and developing industry. As such, there are a relatively small number of companies in Australia and globally specialising in graphene production and graphene enhanced products. Given the incredibly wide range of industries and products that graphene enhanced products can potentially be used in, it is believed that there are a multitude of opportunities for graphene focused companies and competition is low. Displacing existing technologies and products will also be competitive, however given graphene's exceptional and potentially disruptive attributes, it is expected that in many areas, those existing products will be displaced.

(d) **Growth strategy**

Subject to completing the Public Offer, GTS intends to:

- (i) undertake a scoping study in respect of the production of graphene products;

- (ii) design and construct graphene production facilities, including laboratory equipment;
- (iii) conduct the feasibility study into the establishment a larger scale graphene production facilities in South Australia;
- (iv) build and resource the team required to implement the strategy; and
- (v) commercialise the Graphene Projects, following the results of the research and development conducted by UoA and the Graphene Hub:
 - (A) develop industry partner/customer relationships within the field of the Graphene Projects initially through the establishment of non-binding technical agreements, leading to binding commercial off-take agreements; and
 - (B) undertake ongoing marketing of the graphene additive products.

4.4 **Dividend Policy**

Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend upon matters such as the availability of distributable earnings, the operating results and financial condition of the Company, future capital requirements, general business and other factors considered relevant by the Directors. No assurances are given in relation to the payment of dividends, or that any dividends may attach franking credits.

4.5 **ASX Guidance Note 12 - Annexure A Disclosure**

ASX Guidance Note 12 - Annexure A (**Annexure A**) sets out various disclosure requirements that an entity must satisfy prior to its securities being reinstated to trading. The Company provides the following disclosure in accordance with Annexure A, to the extent that the information has not been provided elsewhere in this Notice.

(a) **Parties and material terms of the Transaction**

Refer to Section 4.2.

(b) **Transaction Analysis**

Set out at Schedule 2 is information about the effect of the Transaction based on audited accounts for both the Company and GTS as at 30 June 2020.

(c) **Capital structure**

Refer to Section 4.12.

(d) **Issues in the previous 6 months**

The Company confirms that the Company has not issued any Securities in the 6 months preceding this Notice.

GTS has issued 4,200,000 fully paid ordinary shares to UoA in the 6 months preceding this Notice in consideration for the Licence and as reimbursement for past patent costs in connection with the Licenced Patent Applications pursuant to the Technology Licence Agreement (summarised in Section 4.7(a)(i)). No funds were raised from the issue.

(e) **Proposed issues of Securities**

Prior to re-admission, the Company will undertake the issues of Securities set out in:

- (i) Resolution 3;
- (ii) Resolution 6(a) to Resolution 6(c);
- (iii) Resolution 7;
- (iv) Resolution 8;
- (v) Resolution 9(a) to Resolution 9(e);
- (vi) Resolution 10(a) and Resolution 10(b); and
- (vii) Resolution 11(a) and Resolution 11(b).

(f) **No change in control**

No person will acquire control of, or voting power of 20% or more, in the Company as a result of the Transaction.

(g) **Timetable**

Refer to Section 4.15.

(h) **Changes to the Board**

Refer to Section 4.17.

(i) **Principal activities and business model**

Refer to Section 4.3. The Company's activities following completion of the Transaction will be conducted in Australia. The Company intends to dispose of its existing mineral exploration assets at Mt Windarra following completion of the Transaction.

(j) **Key dependencies and risks**

Refer to Section 5.

(k) **GTS Accounts**

Refer to Schedule 4 for the GTS financial statements for the years ended 30 June 2019 and 30 June 2020.

(l) **Regulatory Approvals**

The Company has applied for a waiver of Listing Rule 9.1 to permit the Company to apply 'look through relief' to the Consideration Shares to be issued to the GTS Vendors.

The Company has obtained a Listing Rule 10.13.5 waiver and confirmation under Listing Rules 6.1 and 12.5 as set out in Section 4.10. The Company must obtain Shareholder approval for the Transaction Resolutions. No further regulatory approvals are required.

(m) **Appropriate Enquiries**

The Company has undertaken appropriate enquiries into the assets and liabilities, financial position and performance, profits and losses and prospects of GTS to be satisfied that the Transaction is in the interests of the Company and its security holders.

As part of its enquiries, as at the date of this Notice, the Company has almost completed legal, intellectual property and financial due diligence of GTS's operations. The Company notes that the Share Sale Agreement contains a condition precedent that the Company completes due diligence to its satisfaction. The Company has not yet satisfied or waived this condition precedent, but intends to complete due diligence prior to lodging the Prospectus and seeking reinstatement of its Shares to official quotation.

(n) **Reinstatement on ASX**

Refer to Section 4.6.

(o) **ASX takes no responsibility**

ASX takes no responsibility for the contents of this Notice or the Explanatory Memorandum.

(p) **Listing Rule 3.1**

The Directors confirm that the Company is in compliance with its continuous disclosure obligations under Listing Rule 3.1.

4.6 Reinstatement on ASX

As the Company is currently proposing to make a significant change in the nature and scale of the Company's activities through the acquisition of GTS, the Company must re-comply with the admission and quotation requirements set out in Chapters 1 and 2 of the Listing Rules prior to its securities recommencing quotation on ASX.

Pursuant to Listing Rules 11.1.2 and 11.1.3, the change in the nature and scale of the Company's activities requires:

- (a) the approval of Shareholders; and
- (b) the Company to re-comply with the admission and quotation requirements set out in Chapters 1 and 2 of the Listing Rules.

The Company's Shares have been suspended from trading on ASX since 22 July 2020 and will not be reinstated unless:

- (a) each Transaction Resolution is passed by Shareholders (see Section 4.2(b) above for further details); and
- (b) ASX is satisfied the Company has met the requirements of Chapters 1 and 2 of the Listing Rules.

Some of the key requirements of Chapters 1 and 2 of the Listing Rules are:

- (a) the Company must satisfy the shareholder spread requirements relating to the minimum number of Shareholders and the minimum value of the shareholdings of those Shareholders; and
- (b) the Company must satisfy the "assets test" as set out in Listing Rule 1.3.

It is expected that the conduct of the Public Offer (for which Shareholder approval is sought pursuant to Resolution 8) will enable the Company to satisfy the above requirements.

In the event that the Company does not receive conditional approval for re-admission to the Official List, the Company will not proceed with the Public Offer. In this regard, the Company notes that:

- (a) ASX has an absolute discretion in deciding whether or not to re-admit the Company to the Official List and to quote its securities and therefore the Transaction may not proceed if ASX exercises that discretion to not re-admit the Company; and
- (b) investors should take account of these uncertainties in deciding whether or not to buy or sell the Company's securities.

The Company has sought in-principle advice from ASX in which ASX has set out, on an in-principle basis, that it has not identified any reasons to date, to exercise its discretion to prevent the Company from being re-admitted to the Official List. Investors are cautioned however, that such advice is not binding and cannot be relied upon to prevent ASX from exercising its discretion as it sees fit.

4.7 **Material contracts and arrangements**

The Directors consider that certain contracts entered into by the Company and GTS are material to the Company and Merged Group or are of such a nature that an investor may wish to have particulars of them when assessing whether to approve the Transaction or apply for Shares under the Public Offer. The provisions of such material contracts and arrangements are summarised in this Section.

(a) **GTS material contracts and arrangements**

(i) **Technology Licence Agreement - University of Adelaide**

Under a Technology Licence Agreement between GTS and UoA dated 6 March 2020, UoA has granted GTS an exclusive, worldwide licence to exploit (including the right to sub-license) (**Licence**):

(A) the technologies described as follows:

- (1) (T150945) the present invention provides composite material having a porous graphene-based foam matrix and comprising porous inorganic micro-particles and metal oxide nano-particles distributed throughout the foam matrix;
- (2) (T171035) a low density foam material and methods for making such, comprising self-assembled graphene oxide in foam is described having high performance acoustic absorption as well as increased moisture insulation and fire-retardant properties. The graphene oxide material is inserted or distributed within

openings of open cell/pore foam material resulting in a novel foam material that has increased acoustic absorption properties;

- (3) (T161007) the present invention relates in general to graphene-based materials. In particular, the invention relates to a graphene-based composite, a substrate comprising the composite, a method of preparing the composite and applications of the composite,

(the **Technologies**);

(B) the following patent applications:

- (1) United States (Patent Application No. 15/578149);
- (2) Australia (Patent Application No. 2018228274);
- (3) China (Patent Application No. 201880028629.3);
- (4) Europe (Patent Application No. 18760256.0);
- (5) India (Patent Application No. 201937039549);
- (6) Japan (Patent Application No. 2019-547476);
- (7) South Korea (Patent Application No. 10-2019-7026588);
- (8) United States (Patent Application No. 16490116);
- (9) Australia Patent (Application No. 2017325118);
- (10) Canada Patent (Application No. 3039985);
- (11) China Patent (Application No. 201780068881.2);
- (12) Europe Patent (Application No. 17847829.3);
- (13) India Patent (Application No. 201937014764);
- (14) New Zealand (Patent Application No. 752557);
- (15) Singapore (Patent Application No. 11201903072P);
- (16) South Africa (Patent Application No. 2019/02300); and
- (17) South Korea (Patent Application No. 10-2019-7010301),

(together, the **Licensed Patent Applications**); and

(C) the confidential unpatented technical information and know how relating to the Technologies, as well as any confidential information in such information and know how,

(collectively, the **Licensed Technology**).

The Licence is subject to the terms and conditions of the Technology Licence Agreement, including notably that:

- (A) UoA may notify GTS of limitations or restrictions applying to Licensed Technology at the time of making it available to GTS, and GTS must comply with such limitations or restrictions, which may limit GTS's rights to exploit the Licensed Technology;
- (B) GTS must obtain UoA's prior written approval to any grant of a sub-licence or sub-contract (other than to one of its affiliates) and that any sub-licence or sub-contract must comply with certain specific requirements, which may restrict GTS's flexibility in exploiting the Licensed Technology; and
- (C) payment of patent costs by GTS.

Under the Technology Licence Agreement, GTS grants UoA the right to:

- (A) use, modify and adapt the Licensed Technology for teaching, research and development and publication purposes; and
- (B) publish any academic publication or any student's thesis relating to the Licensed Technology, subject to GTS having certain rights to review and request delay of publication of the academic publication or thesis.

UoA retains right, title and interest in any improvements to the Licensed Technology developed by UoA. UoA agrees to disclose such improvements, however any licence to such improvements must be negotiated separately between GTS and UoA.

During the term of the Technology Licence Agreement, GTS has a first option to negotiate the purchase and assignment to it of the Licensed Technology, as long as it is not in breach of the Technology Licence Agreement when it exercises the option. Any assignment negotiated pursuant to this option must provide for the Licensed Technology to revert to UoA in the event of an insolvency event occurring in respect of GTS.

GTS warrants that it will commit to minimum performance requirements in the form of a minimum research spend over three years (as set out below), with minimum performance requirements thereafter to be agreed by the parties.

- (A) Year 1 - 2019 - \$500,000;
- (B) Year 2 - 2020 - \$500,000; and
- (C) Year 3 - 2021 - \$500,000.

GTS has issued/paid to UoA pursuant to the Technology Licence Agreement in consideration for the grant of the Licence:

- (A) 4,200,000 shares in GTS in consideration for the Licence and as reimbursement for past patent costs in connection with the Licenced Patent Applications; and

- (B) 10% of all non-royalty sub-licence income (being all consideration received from sub-licensees in exchange for any rights to the Licensed Technology, but excluding royalties payable on sales of Products).

There is no royalty payable under the Licence.

Subject to earlier termination, the Licence continues until the expiry of the last to expire of the Licensed Patent Applications or any subsequent patents issued in relation thereto.

UoA may terminate the Technology Licence Agreement in various circumstances, notably:

- (A) if UoA in good faith considers GTS has not exploited the Licensed Technology as required under the Technology Licence Agreement and UoA is still not satisfied after consulting with GTS for a period of up to 30 days;
- (B) in respect of a particular country, if GTS notifies UoA of its intention to cease paying patent costs in that country;
- (C) GTS commits a material breach of the Technology Licence Agreement which is not able to be remedied or is not remedied within 14 days of UoA's notice requesting that the breach be remedied;
- (D) a change in control occurs in relation to GTS without UoA's prior consent, not to be unreasonably withheld; or
- (E) GTS ceases, or threatens to cease to carry on, or substantially changes the nature of, its business.

UoA may, instead of terminating for these events, instead elect to render the Licence non-exclusive, or in the case of paragraphs (C), (D) or (E), vary or revoke the Licence.

The Technology Licence Agreement is otherwise on terms considered standard for an agreement of this nature.

(ii) **Strategic Partnership Agreement - University of Adelaide**

GTS and UoA are parties to a strategic partnership agreement dated 15 January 2020 (**Strategic Partnership Agreement**) which:

- (A) subject to earlier termination, has a term of three years from execution with a three year renewal term subject to agreement of the parties;
- (B) grants GTS a first right of offer to negotiate rights to commercialise unencumbered patented graphene application technologies developed in Professor Dusan Losic's research group within the area of interest of graphene manufacturing technologies for applications, including but not limited to the construction, mining and agricultural sectors;
- (C) other than as specified in paragraph (B) above, is non-exclusive;

- (D) provides for a management committee with equal representation of both GTS and UoA, which has responsibilities including resolution of intellectual property-related issues and maintenance of a register of pre-existing intellectual property contributed by either party and any intellectual property developed or generated by UoA or GTS either individually or collectively during the course of and as a result of carrying out a project under the Strategic Partnership Agreement (**Project IP**);
- (E) confirms that GTS has the right to lead commercialisation efforts in relation to any commercially viable Project IP arising from a research project between the parties, subject to the terms of a commercialisation agreement to be agreed by the parties;
- (F) imposes contractual confidentiality obligations on both parties;
- (G) excludes warranties on the part of either party in respect of fitness for purpose and non-infringement of third party intellectual property; and
- (H) contemplates GTS and UoA entering into future arrangements in respect of research agreements, collaborative research agreement and consultancy services agreements.

As set out in Section 4.7(a)(i), GTS has committed to a minimum research spend of \$500,000 each year over three years (2019-2021 inclusive) pursuant to the Technology Licence Agreement. UoA acknowledges that funds expended by GTS in connection with the Strategic Partnership Agreement contribute towards GTS' minimum expenditure requirements under the Technology Licence Agreement. There are also concurrent expenditure requirements under the Strategic Partnership Agreement.

The Strategic Partnership Agreement will terminate immediately at any time by the agreement in writing of the parties, for material breaches or upon expiry of the term unless renewed.

The Strategic Partnership Agreement is otherwise on terms considered standard for an agreement of this nature.

The Company notes that GTS does not expect to generate revenue from the Strategic Partnership Agreement in the short-term.

(iii) **GEIT Hub Collaboration Agreement**

GTS is a party to a hub collaboration agreement dated 28 June 2017 (and amended on 2 October 2019 and 25 March 2020) (**Collaboration Agreement**) with UoA and various parties (each a **Partner** or **Collaborator**).

The Collaboration Agreement acknowledges that:

- (A) the parties have collaborated in the preparation and submission of proposal IH150100003 (**Proposal**) under the ARC Industrial Transformation Research Hubs (**ITRH**) scheme which contemplates the proposed hub titled "ARC Research Hub for Graphene Enabled Industry Transformation" led by Professor Dusan Losic (**Hub**); and

- (B) UoA has been awarded a grant from the ARC (**ARC Grant**) to conduct the Hub as the administering organisation with the Partners and Collaborators under a separate funding agreement between UoA and the Commonwealth of Australia as represented by the ARC (**Funding Agreement**).

The Hub's research program will aim to address all of the barriers that industry faces regarding use of graphene to enable transformation of the respective industry sectors and will be organised through three areas of research and development including fundamental challenges (Node 1), graphene products and technology developments (Node 2), and industry translation and commercialisation (Node 3).

Under the Collaboration Agreement, the parties agree (amongst other things):

- (A) to retain ownership of any asset (being real or personal property excluding intellectual property) that it provides as part of its contribution to the Hub;
- (B) all background intellectual property (being intellectual property of a party that is either in existence prior to the commencement date or which is created independently by a party after the commencement date which is required for and made available to the Hub) and confidential information which a party makes available for the activities of the Hub, will remain the property of that party;
- (C) all project intellectual property (being all intellectual property developed in the course of undertaking activities in connection with a Project) shall be owned by the participants of the relevant Project;
- (D) operational intellectual property (being copyright in the documents and reports created or developed in operating the Hub, excluding background intellectual property and project intellectual property) will be owned by UoA; and
- (E) if at any time an owner of project intellectual property under the Collaboration Agreement determines that certain project intellectual property may be commercialised, the relevant owning parties will identify that project intellectual property and detail how it may be commercialised.

As set out in Section 4.7(a)(i), GTS has committed to a minimum research spend of \$500,000 each year over three years (2019-2021 inclusive) pursuant to the Technology Licence Agreement. UoA acknowledges that funds expended by GTS in connection with the Collaboration Agreement contribute towards GTS' minimum expenditure requirements under the Technology Licence Agreement. There are also concurrent expenditure requirements under the Collaboration Agreement.

The Collaboration Agreement will continue until the date that is six months after the full expenditure of the ARC Grant for the Hub, unless terminated earlier.

The Collaboration Agreement may be terminated with 90 days' notice by the mutual written agreement of the parties (unless there is a material breach in

which case a Partner or Collaborator's involvement may be terminated immediately).

The Collaboration Agreement is otherwise on terms considered standard for an agreement of this nature.

The Company notes that GTS does not expect to generate revenue from the Collaboration Agreement in the short-term.

(iv) **Research Agreement - UoA**

GTS is a party to a research agreement with UoA dated 24 April 2020 (and amended on 29 June 2020) for a research project titled "graphene-enhanced protective technologies including filters and corrosive-resistant coatings" (**Research Agreement**).

Under the Research Agreement:

- (A) GTS and UoA agree to conduct the research project with the objective of developing an anti-corrosive coating formulation suitable for marine applications with comparative performances against currently used paints on the market, as well as investigating the potential applications of graphene-enhanced filters such as face masks;
- (B) GTS must provide four monthly progress reports to UoA in respect of the research project, with a final report to be delivered by 19 November 2020 (**Deliverables**);
- (C) fees totalling \$100,000 are payable by GTS under the Research Agreement in tranches over the term of the Research Agreement ;
- (D) project intellectual property (being intellectual property developed, created, identified or first reduced to practice or writing in the course of the research project) passes to GTS progressively upon payment of fees;
- (E) each party retains its respective background intellectual property (being intellectual property that is provided by a party to the other party for use in the research project but excluding project intellectual property); and
- (F) title to the Deliverables, passes to GTS upon payment of all fees.

The term of the research project commenced on 20 May 2020 and ends on 19 November 2020, unless terminated earlier.

The Research Agreement is otherwise on terms considered standard for an agreement of this nature.

The Company notes that GTS does not expect to generate revenue from the Research Agreement in the short-term.

(b) **Company material contracts**

(i) **Share Sale Agreement and Ancillary SSAs**

The Company has entered into the Share Sale Agreement and Ancillary SSAs to acquire 100% of the issued capital of GTS. Key terms of these agreements are detailed in Section 4.2(a).

(ii) **Mr Stephen Hunt - Executive Services Agreement and Letter of Appointment**

Mr Stephen Hunt has entered into an executive services agreement in relation to his engagement as Executive Chairman of Company. The material terms of Mr Hunt's engagement are set out below:

- (A) Base Salary: \$120,000 per annum (plus Superannuation);
- (B) Incentive Securities: the Company agrees to issue Mr Hunt (or his nominee) 2,000,000 Performance Shares (which are the subject of Resolution 6(b));
- (C) Term: indefinite term commencing on the date that is two business days following receipt of a Conditional Admission Letter until such time as Mr Hunt is no longer employed by the Company; and
- (D) Termination: the Company or Mr Hunt may terminate the agreement at any time during the term by giving the other party not less than three months' written notice.

Mr Hunt has also entered into a letter of appointment with the Company pursuant to which he is appointed as Executive Director. The remuneration payable to Mr Hunt in accordance with his executive services agreement shall take into account his duties and responsibilities as a Director and accordingly, he will not be paid a separate Director's fee under his letter of appointment (or any existing arrangement between Mr Hunt and GTS).

(iii) **Mr Thomas Spurling - Executive Services Agreement and Letter of Appointment**

Mr Thomas Spurling has entered into an executive services agreement in relation to his engagement as Managing Director of Company. The material terms of Mr Spurling's engagement are set out below:

- (A) Base Salary: \$240,000 per annum (plus Superannuation);
- (B) Incentive Securities: the Company agrees to issue Mr Spurling (or his nominee) 2,250,000 Performance Shares (which are the subject of Resolution 6(a));
- (C) Term: indefinite term commencing on the date that is two business days following receipt of a Conditional Admission Letter until such time as Mr Spurling is no longer employed by the Company; and
- (D) Termination: the Company or Mr Spurling may terminate the agreement at any time during the term by giving the other party not less than three months' written notice.

Mr Spurling has also entered into a letter of appointment with the Company pursuant to which he is appointed as Managing Director. The remuneration payable to Mr Spurling in accordance with his executive services agreement shall take into account his duties and responsibilities as a Director and accordingly, he will not be paid a separate Director's fee under his letter of appointment (or any existing arrangement between Mr Spurling and GTS). The executive services agreement supersedes all pre-existing employment agreements between Mr Spurling and GTS.

(iv) **Mr Daniel Eddington - Letter of Appointment**

Mr Daniel Eddington has entered into a letter agreement with the Company pursuant to which the Company agrees to pay Mr Eddington \$5,000 per month (including superannuation) for services provided to the Company as a Non-Executive Director. The agreement will commence two business days following receipt of a Conditional Admission Letter and shall cease when Mr Eddington advises in writing his resignation or as otherwise in accordance with the Constitution.

The Company has agreed pursuant to the letter of appointment to issue Mr Eddington (or his nominee) 2,000,000 Performance Shares (which are the subject of Resolution 6(c));

(v) **Lead Manager Mandate**

Refer to Section 4.24(a) for a summary of the Lead Manager Mandate with Morgans.

(vi) **Corporate Advisory Mandate - Discovery Capital Partners**

Refer to Section 4.24(b) for a summary of the Corporate Advisory Mandate with Discovery Capital Partners.

4.8 **Escrow arrangements**

Subject to the Company's Shares being reinstated to trading on the ASX, certain Shares and Options in the Company will be classified by ASX as restricted securities and will be required to be held in escrow for up to 24 months from the date of reinstatement. During the period in which these securities are prohibited from being transferred, trading in Shares may be less liquid which may impact on the ability of a Shareholder to dispose of his or her Shares in a timely manner.

Shares offered under the Public Offer will not be subject to any escrow restrictions.

If the Company receives the waiver from Listing Rule 9.1 referred to in Section 4.10, the Securities likely to be subject to escrow are a portion of the Consideration Shares and all of the Performance Shares, Lead Manager Securities, and Adviser Securities. In the event the waiver from Listing Rule 9.1 referred to in Section 4.10 is not issued, all of the Shares to be issued to the GTS Vendors will be escrowed for either a minimum 12 month period from the date of issue or 24 month period from date of reinstatement of Shares to trading on ASX.

Prior to the Company's Shares being reinstated to trading on the ASX, the Company will enter into escrow agreements with the recipients of the restricted securities or issue escrow notices in accordance with Chapter 9 of the Listing Rules, and the Company will announce to ASX full details (quantity and duration) of the Shares and Options required to be held in escrow.

4.9 **Capital Raising**

As set out in Section 4.2(a)(xii) above, one of the conditions precedent to Completion of the Transaction is the completion of the Minimum Subscription under the Public Offer.

The Company is seeking to raise a minimum of \$3,000,000 (before costs) under the Public Offer and a maximum of \$4,000,000 (before costs) through an offer of a minimum of 15,000,000 Shares and maximum of 20,000,000 Shares at an issue price of \$0.20 per Share (on a post-Consolidation basis). The Minimum Subscription under the Public Offer is \$3,000,000.

4.10 **ASX Waivers**

The Company has obtained a waiver from Listing Rule 10.13.5 to the extent necessary to permit the Company to issue:

- (a) Public Offer Shares to the Related Party Participants (or their respective nominees) in accordance with the date set out in Section 14.4(c); and
- (b) 375,000 Shares and 750,000 Options to Discovery Capital Partners (or its nominees) in accordance with the date set out in Section 16.4(c).

The full terms and conditions of the Listing Rule 10.13.5 waiver are set out in Schedule 9.

The Company has also applied for a waiver of Listing Rule 9.1 to permit the Company to apply 'look through relief' to the Consideration Shares to be issued to the GTS Vendors. The Company will advise the market of the outcome of this waiver application in due course. The Company has also separately obtained a confirmation from ASX that the terms of the Performance Shares are acceptable to ASX for the purposes of Listing Rules 6.1 and 12.5.

4.11 **Pro forma balance sheet**

A pro forma statement of financial position of the Company as at 30 June 2020 based on the reviewed accounts of the Company and GTS is set out in Schedule 3.

4.12 **Effect on capital structure**

The proposed capital structure of the Company following completion of the Transaction (based on both a Minimum Subscription and Maximum Subscription) is set out below:

	Shares (Min)	% (Min)	Shares (Max)	% (Max)	Performance Shares	Options
Existing (pre-consolidation)	4,067,651,670	-	4,067,651,670	-	-	312,500,000
Consolidation	20,338,258	31.1	20,338,258	28.9	-	1,562,500 ⁽¹⁾
Consideration Shares	29,500,000	45.1	29,500,000	41.9	-	-
Proposed Directors and Key Management Personnel ⁽²⁾	-	-	-	-	7,000,000	-
Corporate Adviser ⁽³⁾	375,000	0.6	375,000	0.5	-	750,000
Lead Manager/Underwriter ⁽⁴⁾	250,000	0.4	250,000	0.4	-	1,409,265 ⁽⁵⁾
Capital Raising ⁽⁶⁾	15,000,000	22.9	20,000,000	28.4	-	-
Total	65,463,258	100	70,463,258	100	7,000,000	3,721,765⁽⁵⁾

Notes

1. Comprising:
 - a. 212,500 unquoted Options exercisable at \$1.20 each on or before 5 December 2021;
 - b. 975,000 unquoted Options exercisable at \$0.30 each on or before 9 August 2023; and
 - c. 375,000 unquoted Options exercisable at \$0.30 each on or before 8 November 2020.
2. To be issued to the Proposed Directors and Key Management Personnel (or their respective nominees) (being the subject of Resolution 6(a) to (c) and Resolution 7). The full terms and conditions of the Performance Shares are set out in Schedule 6.
3. To be issued to Discovery Capital Partners in consideration for corporate advisory services provided to the Company in respect of the Transaction (being the subject of Resolution 11(a)-(b)). The full terms and conditions of the Adviser Options are set out in Schedule 4.
4. To be issued to the Lead Manager in consideration for lead manager and underwriter services provided to the Company in respect of the Transaction (being the subject of Resolution 10(a) and (b)). In the event that the Public Offer is underwritten, the Company will issue to Morgans or its nominees the Underwriter Options. The full terms and conditions of the Underwriter Options are set out in Schedule 4.
5. Assumes the Public Offer is underwritten and the Maximum Subscription will be raised. In the event the Minimum Subscription is raised, the total number of Underwriter Options to be issued will be 1,309,265 and the total number of Options on Completion will be 3,621,765. In the event the Public Offer is not underwritten, the Underwriter Options will not be issued.
6. The Company is seeking to raise a minimum of \$3,000,000 (before costs) and a maximum of \$4,000,000 (before costs) under the Public Offer through an offer of a minimum of 15,000,000 and a maximum of 20,000,000 Shares at an issue price of \$0.20 per Share.

4.13 Substantial Shareholders' voting power

As at the date of this Notice, no Shareholders hold an interest in 5% or more of the Shares on issue.

Based on the information known as at the date of this Notice, upon re-admission of the Company to the Official List, the following persons will have an interest in 5% or more of the Shares on issue.

Name	Shares (Min)	% (Min)	% (Max)
Stephen Hunt ¹	8,057,533	12.31	11.44
UoA	3,842,643	5.9	5.5

Notes:

1. As at the date of this Notice, Mr Stephen Hunt intends to subscribe for up to 375,000 Shares under the Public Offer. Minerals and Metals Marketing Pty Ltd is an entity controlled by Proposed Director Stephen Hunt and will hold 1,829,830 Shares on Completion.

4.14 Proposed use of funds

The Company intends to use the funds raised under the Public Offer, together with the Company's estimated existing cash reserves post-Transaction as follows:

Use of Funds	\$ (Min)	% (Min)	\$ (Max)	% (Max)
Costs of the offer	410,000	8	470,000	8
Corporate administration	1,000,000	19	1,000,000	16
Research and development	1,000,000	19	1,300,000	21
Construction of graphene production facilities and production costs (includes Feasibility Study \$500,000)	1,400,000	26	1,900,000	30
Marketing and business development	690,000	13	730,000	12
Working capital	800,000	15	900,000	14
Total	5,300,000	100	6,300,000	100

The above table is a statement of the Board's current intentions as at the date of this Notice. Shareholders should note that, as with any budget, the allocation of funds set out in the above table may change depending on a number of factors including:

- (a) the risk factors outlined in Section 5; and
- (b) the outcome of operational activities, regulatory developments and market and general economic conditions.

In light of this, the Board reserves the right to alter the way the funds are applied.

The Board is satisfied that upon completion of the Public Offer, the Company will have sufficient working capital to meet its stated objectives.

The Company notes there is no certainty to when or to what extent any Options will be exercised. Depending on the amount raised (if any) from the exercise of any Options, the Directors' current intention is to apply funds towards:

- (a) further marketing and business development; and
- (b) general working capital, including identifying, pursuing and developing other revenue opportunities.

4.15 **Indicative timetable for the key business the subject of the Transaction Resolutions**

Event	Indicative timing
Despatch Notice of General Meeting	21 September 2020
Lodgement of Prospectus	25 September 2020
Prospectus offers open	3 October 2020
General Meeting held to approve the Transaction ASX notified whether Shareholders' approval has been granted for the Transaction Resolutions	26 October 2020
Prospectus offers close	27 October 2020
Consolidation Effective Date	27 October 2020
Consolidation Record Date	30 October 2020
Completion	3 November 2020
Issue date	3 November 2020
Despatch of holding statements	5 November 2020
Commencement of trading of Shares on ASX (subject to the Company re-complying with Chapters 1 and 2 of the Listing Rules and subject to ASX agreeing to reinstate the Shares to quotation)	12 November 2020

This timetable is a proposed indicative timetable only and the Board reserves the right to vary the dates in accordance with the Listing Rules.

4.16 **Current Board of Directors**

The Board currently comprises:

- (a) Mr Adam Santa Maria - Executive Chairman;
- (b) Mr Logan Robertson - Non-Executive Director; and
- (c) Mr Brett Lawrence - Non-Executive Director.

4.17 **Proposed Board of Directors**

- (a) Proposed composition of Board of Directors

Subject to Completion, Messrs Santa Maria, Robertson and Lawrence will resign, and the Company will appoint the following persons as directors at Completion, subject to prior shareholder approval:

- (i) Mr Stephen Hunt – Executive Chairman;
- (ii) Mr Thomas Spurling – Managing Director; and
- (iii) Mr Daniel Eddington – Non-Executive Director.

- (b) Profiles of Proposed Directors

Set out below is background information in relation to the skills and experience of the Proposed Directors.

- (i) **Mr Stephen Hunt**

Mr Hunt has over 17 years' experience as a Director of ASX listed companies. Mr Hunt is currently a non-executive director of ASX listed company, American Pacific Borate and Lithium Ltd (ASX: ABR). Previous directorships include, Executive Chairman and Non Executive Director of Volt Resources Ltd (ASX: VRC), Magnis Resources Ltd (ASX: MNS), IMX Resources Ltd (now Indiana Resources Limited) and Australian Zircon Ltd. Mr Hunt is a member of the Australian Institute of Company Directors (MAICD) and holds a Bachelor of Business (Marketing) from the University of South Australia. Mr Hunt is currently Chairman of GTS.

- (ii) **Mr Thomas Spurling**

Mr Spurling has 35 years of experience and is an accomplished international manager and leader with particular expertise in leading growth initiatives into overseas markets for Australian companies and subsequent operations for medical technologies and devices and complex electro optical systems. Mr Spurling has held the position of CEO of Ellex Medical Lasers Limited (ASX:ELX) between 2011 and 2019. Mr Spurling holds a Bachelor of Economics from the University of Adelaide. Mr Spurling is currently a director of GTS and is a Non-Executive Director of Nova Eye Medical Limited (ASX:EYE).

(iii) **Mr Daniel Eddington**

Mr Eddington has over 20 years' experience in financial markets with experience across multiple sectors including the resource, energy and industrial sectors. Mr Eddington specialises in equity capital markets and has been responsible for IPOs, placements, reverse takeovers, underwritings, corporate negotiations and corporate advisory for companies predominantly in the resources sector. Mr Eddington holds a Bachelor of Commerce from the University of South Australia and Graduate Diploma Finance from FINSIA. Mr Eddington is currently a director of GTS.

4.18 Advantages of the proposed Transaction Resolutions

The Directors are of the view that the following non-exhaustive list of advantages may be relevant to a Shareholder's decision on how to vote on the Transaction Resolutions:

- (a) Completion of the Transaction will enable the Company to be reinstated to the Official List with the business of GTS, strong Board and management team and defined growth strategy. Shareholders will be able to share in the growth of the Company and will also be able to buy or sell Shares on ASX;
- (b) the Company will receive a cash injection via the Public Offer;
- (c) the Proposed Directors bring significant experience and knowledge to the Board; and
- (d) the Company's ability to raise additional funds may increase and may also be exposed to further debt, equity and acquisition opportunities that it did not have prior to the Transaction.

4.19 Disadvantages of the proposed Transaction Resolutions

The Directors are of the view that the following non-exhaustive list of disadvantages may be relevant to a Shareholder's decision on how to vote on the Transaction Resolutions:

- (a) the Company's change in nature and entry into the sector occupied by GTS (refer to Section 4.3) may not align with a Shareholder's investment objectives;
- (b) Shareholders will be significantly diluted through the issue of Shares under the Transaction and Public Offer; and
- (c) there are inherent risks associated with GTS's business as well as other risks which may not suit a Shareholders risk profile or be consistent with their objectives. A summary of key risks to be faced by the Merged Group is set out in Section 5.

4.20 Taxation

The Transaction may give rise to income tax implications for the Company and Shareholders.

Existing Shareholders are advised to seek their own taxation advice on the effect of the Transaction Resolutions on their personal taxation position and neither the Company, nor any existing Director or advisor to the Company accepts any responsibility for any individual Shareholder's taxation consequences on any aspect of the Transaction or the Transaction Resolutions.

4.21 **Plans for the Company if the Transaction Resolutions are not passed or if the Transaction does not proceed**

If the Transaction Resolutions are not passed or if the Transaction is otherwise not completed, the Company will continue to seek potential acquisitions across all industries.

4.22 **Directors' interests in the Company**

The existing Directors and Proposed Directors (and their respective related entities) have the following interests in Securities as at the date of this Notice:

Name	Shares (pre-consolidation)	% Shares	Options
Mr Adam Santa Maria (resigning on Completion)	2,546,800	0.06	85,000,000 ^{1,2}
Mr Logan Robertson (resigning on Completion)	7,223,196 ³	0.18	75,000,000 ³
Mr Brett Lawrence (resigning on Completion)	5,417,399 ⁴	0.13	75,000,000 ⁵
Mr Stephen Hunt	-	-	-
Mr Thomas Spurling	-	-	-
Mr Daniel Eddington	-	-	-

Notes:

1. Winsome Santa Maria ATF The Santa Family Trust is a nominee of Mr Adam Santa Maria and holds 20,000,000 Options expiring 05/12/2021 and exercisable at \$0.006.
2. Discovery Services Pty Ltd ATF Discovery Capital Investments Unit Trust is a nominee of Mr Adam Santa Maria and holds 65,000,000 Options expiring 09/08/2023 and exercisable at \$0.0015.
3. Technique Capital Pty Ltd is a nominee of Mr Logan Robertson and holds 7,223,196 Shares, 10,000,000 Options expiring 05/12/2021 and exercisable at \$0.006 and 65,000,000 Options expiring 09/08/2023 and exercisable at \$0.0015.
4. Leopard Energy Pty Ltd is a nominee of Mr Brett Lawrence and holds 5,417,398 Shares.
5. Brett Clifford Lawrence ATF the Arcadia Investment Trust is a nominee of Mr Brett Lawrence and holds 10,000,000 Options expiring 05/12/2021 and exercisable at \$0.006 and 65,000,000 Options expiring 09/08/2023 and exercisable at \$0.0015.

Set out in the table below are details of the anticipated relevant interests of the existing Directors and Proposed Directors (and their respective related entities) in the Securities of the Company upon Completion of the Transaction and Public Offer:

Name	Shares (post-consolidation)	% Shares (Min)	% Shares (Max)	Options	Performance Shares
Mr Adam Santa Maria (resigning on Completion) ¹	762,734	1.17	1.08	1,175,000	-
Mr Logan Robertson (resigning on Completion) ²	786,116	1.20	1.12	375,000	-
Mr Brett Lawrence (resigning on Completion) ³	277,087	0.42	0.39	375,000	-
Mr Stephen Hunt ⁴	8,057,533	12.31	11.44	-	2,000,000
Mr Thomas Spurling ⁵	1,219,887	1.86	1.73	-	2,250,000
Mr Daniel Eddington ⁶	3,180,769	4.86	4.51	-	2,000,000

Notes:

1. As at the date of this Notice, Mr Adam Santa Maria intends to subscribe for up to 375,000 Shares under the Public Offer. Winsome Santa Maria ATF The Santa Family Trust is a nominee of Mr Adam Santa Maria and will hold 100,000 Options expiring 05/12/2021 and exercisable at \$1.20 at completion. Discovery Services Pty Ltd ATF Discovery Capital Investments Unit Trust is a nominee of Mr Adam Santa Maria and will hold 325,000 Options expiring 09/08/2023 and exercisable at \$0.30. Discovery Capital Partners, an entity of which Mr Adam Santa Maria is a director, will also receive 375,000 Shares and 750,000 Options subject to Shareholder approval pursuant to Resolution 11(a) and (b).
2. As at the date of this Notice, Mr Logan Robertson intends to subscribe for up to 750,000 Shares under the Public Offer. Technique Capital Pty Ltd is a nominee of Mr Logan Robertson and will hold approximately 36,116 Shares, 50,000 Options expiring 05/12/2021 and exercisable at \$1.20 and 325,000 Options expiring 09/08/2023 and exercisable at \$0.30.
3. As at the date of this Notice, Mr Brett Lawrence intends to subscribe for up to 250,000 Shares under the Public Offer. Leopard Energy Pty Ltd is a nominee of Mr Brett Lawrence and will hold 27,087 Shares. Brett Clifford Lawrence ATF the Arcadia Investment Trust is a nominee of Mr Brett Lawrence and will hold 50,000 Options expiring 05/12/2021 and exercisable at \$1.20 and 325,000 Options expiring 09/08/2023 and exercisable at \$0.30.
4. As at the date of this Notice, Mr Stephen Hunt intends to subscribe for up to 375,000 Shares under the Public Offer. Minerals and Metals Marketing Pty Ltd is an entity controlled by Proposed Director Stephen Hunt and will hold 1,829,830 Shares on Completion.
5. As at the date of this Notice, Mr Thomas Spurling does not intend to subscribe for Shares under the Public Offer.
6. As at the date of this Notice, Mr Daniel Eddington intends to subscribe for up to 500,000 Shares under the Public Offer.

4.23 **Company Name**

The Company intends to change its name in connection with the Transaction to "Sparc Technologies Limited" (refer to Section 18 for further details).

4.24 **Advisers**

(a) **Lead Manager**

The Company has entered into a mandate with Morgans (**Lead Manager Mandate**) under which Morgans will act as Lead Manager to the Public Offer. In consideration for acting as Lead Manager, the Company will pay Morgans a:

- (i) management fee of 1%; and
- (ii) selling fee of 5.0% (but not including Shortfall Funds),

of the amount raised under the Public Offer, and issue to the Lead Manager or its nominees 250,000 Shares (on a post-Consolidation basis) (being the subject of Resolution 10(b)).

The Lead Manager Mandate does not provide for a commitment by Morgans to underwrite the Public Offer, however, it is acknowledged that if Morgans agrees to an underwriting commitment, then the terms of that commitment will be set out in a separate underwriting agreement. In the event that the Public Offer is underwritten, the Company will pay an underwriting fee to Morgans (which is to be agreed) and issue to Morgans or its nominees up to 1,409,265 Underwriter Options with an exercise price of \$0.30 and which expire on the date that is 3 years from the date of issue (on a post-Consolidation basis) (being the subject of Resolution 10(a)). In the event the Public Offer is not underwritten, the Underwriter Options will not be issued and no underwriting fee will be payable. The Company will determine whether the Public Offer will be underwritten after the date of this Notice and prior to lodgement of the Prospectus.

The Lead Manager Mandate is otherwise on terms considered standard for an agreement of this nature.

(b) **Discovery Capital Partners**

On 22 January 2020, the Company entered into a mandate with Discovery Capital Partners to provide corporate advisory services in respect of the Public Offer and the Transaction (**Corporate Advisory Mandate**). In consideration for providing corporate advisory services to the Company, the Company has agreed to pay Discovery Capital Partners or its nominees a fee of \$75,000 payable in Shares equivalent to 375,000 Shares at the issue price of the Public Offer and issue to Discovery Capital Partners (or its nominees) 750,000 Options with an exercise price of \$0.30 and which expire on the date that is 3 years from the date of issue (on a post-Consolidation basis) (being the subject of Resolution 11(a)-(b)). Adam Santa Maria (a Director of the Company), is the joint managing director of Discovery Capital Partners. It is acknowledged that these Shares and Options will be escrowed for a period of 2 years from re-admission of the Company to the Official List in accordance with the Listing Rules.

Other than as set out above, no other fees are payable by the Company to any person for finding, arranging or facilitating the Transaction.

5. Risks associated with the Transaction

This Section identifies the major areas of risk associated with the Transaction, but should not be taken as an exhaustive list of the risk factors to which the Company and its Shareholders are exposed. References to the Company in this Section 5 include the Merged Group.

5.1 Risks relating to the change in nature and/or scale of activities

(a) Re-Quotation of Shares on ASX

The Transaction constitutes a significant change in the nature and scale of the Company's activities and the Company needs to re-comply with Chapters 1 and 2 of the Listing Rules as if it were seeking admission to the Official List.

There is a risk that the Company may not be able to meet the requirements of the ASX for re-quotation of its Shares on the ASX. Should this occur, the Shares will likely remain in suspension and not be able to be traded on the ASX until such time as those requirements can be met, if at all. Shareholders may be prevented from trading their Shares should the Company be suspended until such time as it does re-comply with the Listing Rules.

(b) Liquidity risk

On Completion, the Company will issue certain Securities which may be classified by ASX as restricted securities and will be required to be held in escrow for up to 24 months from the date of reinstatement. Details of the expected escrow restrictions are set out in Section 4.8. The application of the ASX escrow restrictions may be considered to result in a liquidity risk as the issued capital will not be able to be traded freely for a period of time and the ability of a Shareholder to dispose of his or her Shares in a timely manner may be affected.

(c) Dilution risk

As set out in Section 4.12, the Company currently has 4,067,651,670 Shares on issue (on a pre-consolidation basis). On Completion (assuming the Maximum Subscription is raised):

- (i) the existing Shareholders will retain approximately 28.9% of the Company's issued Share capital;
- (ii) the GTS Vendors will hold approximately 41.9% of the Company's issued Share capital; and
- (iii) the investors under the Public Offer will hold approximately 28.4% of the Company's issued Share capital.

There is a risk that the interests of Shareholders will be further diluted as a result of future capital raisings that will be required in order to fund the future development of the Company.

(d) Completion, counterparty and contractual risk

As set out in Section 4.7(b)(i), the Company has agreed to acquire 100% of the issued capital of GTS subject to the fulfilment of certain conditions precedent. There is a risk

that the conditions precedent for completion of the Transaction will not be fulfilled and, in turn, that completion of the Transaction will not occur.

The ability of the Company to achieve its stated objectives will depend on the performance by the GTS Vendors of their obligations under the Share Sale Agreement and Ancillary SSAs (as applicable). If the GTS Vendors or any other counterparty defaults in the performance of its obligations, it may be necessary for the Company to approach a court to seek a legal remedy, which can be costly and without any certainty of a favourable outcome.

5.2 **Specific risks applicable to the Merged Group**

On completion of the Transaction, GTS will become a wholly owned subsidiary of the Company and the business conducted by GTS will become the Company's main undertaking. Set out below is a non-exhaustive list of key risks of operating the Company's business as owner of GTS.

(a) **Loss-making operation, future capital requirements and limited operating history**

As at the date of this Notice, GTS is currently loss making and is not cash flow positive, meaning it is reliant on raising funds from investors to continue to fund its operations and product development. The future capital requirements of GTS will depend on many factors, including the pace and magnitude of its the development of its business. The Company believes that its available cash and the net proceeds of the Public Offer will be adequate to satisfy the anticipated current working capital and other capital requirements as set out in this Notice. However, the Company may need to raise additional funds from time to time to finance the ongoing development and commercialisation of its technology and to meet its other longer-term objectives.

Any additional equity financing may be dilutive to Shareholders, may be undertaken at lower prices than the current market price (or Offer Price) or may involve restrictive covenants which limit the Company's operations and business strategy. Debt financing, if available, may involve restrictions on financing and operating activities.

Although the Directors believe that additional capital can be obtained, no assurances can be made that appropriate capital or funding, if and when needed, will be available on terms favourable to the Company or at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and this could have a material adverse effect on the Company's activities and could affect the Company's ability to continue as a going concern.

The Company may undertake additional offerings of Shares and of securities convertible into Shares in the future. The increase in the number of Shares issued and outstanding and the possibility of sales of such shares may have a depressive effect on the price of Shares. In addition, as a result of such additional Shares, the voting power of the Company's existing shareholders will be diluted.

GTS operations are subject to all of the risks inherent in a recently formed business enterprise. GTS has no significant history of operations and there can be no assurance that the Company will be able to generate or increase revenues from its existing and proposed products or avoid losses in any future period.

(b) **Intellectual property risks**

The success of the GTS business depends, in part, on its continued ability to protect its intellectual property and to use any trademarks accordingly to increase brand awareness. The Company will depend on its intellectual property to protect its brands and trade secrets, and any pending patents on its products and production processes.

Given the dependence of the Company on intellectual property and the quality of its products and brands, in the event that the Company is unable to protect its intellectual property adequately, then the value of the Company's products and brands could be adversely effected. This may further impact the overall business, with respect to its financial position and overall probability and operational output.

Within the industry that the GTS business operates, there exists an ongoing risk of third parties claiming involvement in technological discoveries. GTS has taken steps to protect and confirm its interest in its intellectual property and will endeavour to implement all reasonable processes to protect its intellectual property. The Company is not aware of any third party interests in relation to its intellectual property rights, however as stated above, the risk of third parties claiming involvement exists, which may result in litigation risks (see Section 5.2(c) below), and there can be no assurance that the measures in place by the Company will be sufficient.

(c) **Licence Risk**

GTS' operations are focused on graphene technologies under the Licence from the UoA as set out in Section 4.7(a)(i). The scope of the Licence dictate the scope and certainty of GTS' intellectual property rights. UoA has rights under the Licence which allow it to limit or restrict GTS' rights to exploit the Licensed Technology, however, at present, no such limitations have been notified to GTS by UoA. GTS must obtain UoA's prior written consent to any grant of a sub-licence or sub-contract, which may restrict GTS' flexibility in exploiting the Licensed Technologies. UoA retains rights, titles and interests in improvements to the Licensed Technologies, and any such improvements must be negotiated between GTS and UoA. There is a risk that UoA and GTS may not be able to come to an agreement and that improvements to the Licensed Technologies may not be able to be exploited by GTS. UoA also has rights to terminate the Licence, for events such as:

- (i) if UoA in good faith considers that GTS has not vigorously exploited the Technologies with due care and skill;
- (ii) in respect of a particular country, if GTS notifies UoA that it intends to cease paying patent costs in that country; and
- (iii) if GTS commits a material breach of the Licence which is not rectified within 14 days of GTS receiving notice of such a breach.

While the Company intends to vigorously exploit the Licensed Technologies in accordance with the terms of the Licence and at the date of the Notice is not aware of any reason as to why the Licence would be terminated, in the event that the Licence were to be terminated, it would significantly affect the Company's proposed operations.

As set out in Section 4.13, UoA will on Completion hold 3,842,643 Shares, and as such the Company considers the risk of termination of the Licence to be somewhat mitigated due to the alignment of interests and efforts of UoA and the Company.

(d) **Development and commercialisation**

GTS has not completed the development of any of its devices and does not currently have any commercial agreements to distribute devices or consumables. The Company's ability to generate revenues in the future will be subject to a number of factors, including but not limited to the Technologies performing to a level sufficient to warrant commercialisation. The development, testing and manufacture of novel technologies is a high risk industry and there is no guarantee that the Company will be able to successfully commercialise the Technologies (including in a profitable sense).

(e) Litigation and infringement

The Company may be exposed to legal proceedings, with or without merit over the course of its operations. The Company cannot preclude the risk of claims being brought against it, such as in connection with intellectual property rights. In the event that the Company and/or its employees or agents are found to have not met the appropriate standard of care then this may have a material adverse effect on the Company overall.

(f) Graphene price volatility

The value of graphene is affected by numerous factors and events that are external to and beyond the control of the Company. The graphene price has fluctuated, such that periods of significant decline have impacted on the GTS business. These factors have and may in the future include, the level of: general economic activity and demand; forward selling activity; and economic conditions and political trends. Overall, the financial performance of the Company will be exposed to the fluctuations in the graphene price.

(g) Fluctuations in the advanced material industry

Graphene is considered to be an advanced material and therefore its value is affected by fluctuations in the advanced materials industry, as well as economic, political and market factors. These factors can affect the level of investment into the development of advanced materials, including graphene. The value of graphene and its direct link to the Company's performance may have a material adverse effect on the Company's business, prospects for growth, financial position and operation output.

(h) Technology and commercialisation risks

GTS' business depends on technology and is subject to technological change. The Company, if not in a position to respond to such technological changes may be unable to compete effectively. Given the high level of competition within the graphene industry, the failure or delay in developing or adopting new technology competitively, may result in a reduction in customer demand and in turn reduced financial and operation growth.

The technological changes within the advanced materials industry may require the Company to devote additional resources to adapt or improve its products. There is the risk that such resource allocation and investment in new initiatives may be unsuccessful or result in significant losses.

(i) Insurance

The GTS business endeavours to maintain insurance that is appropriate for the level of its operations. If the Company incurs losses or liabilities for which it is uninsured, this will have a negative impact on the Company's financial performance and ability to operate its businesses.

(j) **Key personnel risk**

GTS' operational success will substantially depend on the continued employment of senior executives, technical staff and other key personnel who have substantial strategic, technical, functional, marketing and customer expertise with the Licensed Technology and are familiar with the its business and structure. There is no assurance that any contracts with such individuals will not be terminated. If such contracts are terminated or breached, or if these individuals no longer continue in their current roles, new personnel will need to be employed, which may adversely affect the business. GTS is substantially dependent on the continued service of its existing personnel because of the complexity of the Licensed Technology. The departure of any key personnel may also lead to disruptions of operations. There is no assurance that the Merged Group will be able to retain the services of these persons. GTS mitigates this risk to the extent possible by aligning its personnel with the success of GTS through the issue of equity interests held by certain personnel in the Company. The Company will also, subject to Shareholder approval, adopt the Plan, under which the Company may offer to eligible persons the opportunity to subscribe for Equity Securities in the Company as a means of attracting and maintaining experienced and qualified personnel.

5.3 **General risks**

(a) **Discretion in use of capital**

The Board and the Company's management have discretion concerning the use of the Company's capital resources as well as the timing of expenditures. Capital resources may be used in ways not previously anticipated or disclosed. The results and the effectiveness of the application of capital resources are uncertain. If they are not applied effectively, the Company's financial and/or operational performance may suffer.

(b) **Investment in capital markets**

As with all stock market investments, there are risks associated with an investment in the Company. Securities listed on the stock market have experienced extreme price and volume fluctuations that have often been unrelated to the operating performances of such companies. These factors may materially affect the market price of Shares regardless of the Company's performance.

(c) **General economic conditions**

The operating and financial performance of the Company is influenced by a variety of general economic and business conditions, including levels of consumer spending, commodity prices, inflation, interest rates and exchange rates, supply and demand, industrial disruption, access to debt and capital markets and government fiscal, monetary and regulatory policies. Changes in general economic conditions may result from many factors including government policy, international economic conditions, significant acts of terrorism, hostilities or war or natural disasters. A prolonged deterioration in general economic conditions, including an increase in interest rates or a decrease in consumer and business demand, could be expected to have an adverse impact on the Company's operating and financial performance and financial position.

The Company's future possible revenues and Share prices may be affected by these factors, which are beyond the control of the Company.

(d) **Changes in government policies and legislation**

Any material adverse changes in government policies or legislation of Australia or any other country that the Company may acquire economic interests in may affect the viability and profitability of the Company.

(e) **Unforeseen expenditure risk**

Expenditure may need to be incurred that has not been taken into account in the preparation of this Notice. Although the Company is not aware of any such additional expenditure requirements, if such expenditure is subsequently incurred, this may adversely affect the expenditure proposals of the Company.

(f) **COVID-19 risk**

The outbreak of the coronavirus disease COVID-19 is impacting global economic markets. The nature and extent of the effect of the outbreak on the performance of the Company remains unknown. The Company's Share price may be adversely affected in the short to medium term by the economic uncertainty caused by COVID-19. Further, any governmental or industry measures taken in response to COVID-19 may adversely impact the Company's operations and are likely to be beyond the control of the Company. The effects of COVID-19 on the Company's Share price may also impede the Company's ability to raise capital, or require the Company to issue capital at a discount, which may in turn cause dilution to Shareholders.

(g) **Climate change risks**

The climate change risks particularly attributable to the Company include:

- (i) the emergence of new or expanded regulations associated with the transitioning to a lower-carbon economy and market changes related to climate change mitigation. The Company may be impacted by changes to local or international compliance regulations related to climate change mitigation efforts, or by specific taxation or penalties for carbon emissions or environmental damage. These examples sit amongst an array of possible restraints on industry that may further impact the Company and its profitability. While the Company will endeavour to manage these risks and limit any consequential impacts, there can be no guarantee that the Company will not be impacted by these occurrences; and
- (ii) climate change may cause certain physical and environmental risks that cannot be predicted by the Company, including events such as increased severity of weather patterns and incidence of extreme weather events and longer term physical risks such as shifting climate patterns. All these risks associated with climate change may significantly change the industry in which the Company operates.

(h) **Taxation**

The Transaction and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Shares from a taxation point of view and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisers accept no liability and responsibility with respect to the taxation consequences of applying for Shares.

6. Resolution 1 – Consolidation of capital

6.1 General

Resolution 1 seeks Shareholder approval for the Company to undertake a consolidation of its capital on a 200 for 1 basis (**Consolidation**).

Resolution 1 is an ordinary resolution.

Resolution 1 is a Transaction Resolution and is subject to Shareholders passing each of the Transaction Resolutions.

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

6.2 Legal requirements

Section 254H of the Corporations Act provides that a company may, by resolution passed in a general meeting, convert all or any of its shares into a larger or smaller number.

Listing Rule 7.22.1 requires that when a listed entity undertakes a consolidation of capital, the number of its Options must be consolidated in the same ratio as the ordinary capital and the exercise price must be amended in inverse proportion to that ratio.

6.3 Fractional entitlements

Not all Security holders will hold that number of Securities (as the case may be) which can be evenly divided by 200. Where a fractional entitlement occurs, the Company will round that fraction down to the nearest whole Security.

6.4 Taxation

It is not considered that any taxation implications will exist for Security holders arising from the Consolidation. However, Security holders are advised to seek their own tax advice on the effect of the Consolidation and the Company accepts no responsibility for the individual taxation implications arising from the Consolidation.

6.5 Holding statements

From the date of the Consolidation, all holding statements for Securities will cease to have any effect, except as evidence of entitlement to a certain number of Securities on a post-Consolidation basis. After the Consolidation becomes effective, the Company will arrange for new holding statements for Securities to be issued to holders of those Securities. It is the responsibility of each Security holder to check the number of Securities held prior to disposal or exercise (as the case may be).

6.6 Effect on capital structure

The approximate effect which the Consolidation will have on the Company's current capital structure is set out in the tables below. All numbers are subject to rounding.

Security	Pre-Consolidation	Post-Consolidation
Shares	4,067,651,670	20,338,258
Unquoted Options	312,500,000	1,562,500

6.7 Consolidation timetable

Please refer to Section 4.15.

7. Resolution 2 – Approval to change in nature and scale of activities

7.1 General

Resolution 2 seeks the approval of Shareholders for a change in the nature and scale of the Company's activities via the Transaction.

A detailed description of the Transaction is outlined in Section 4 above.

Resolution 2 is a Transaction Resolution and is subject to Shareholders passing each of the Transaction Resolutions.

Resolution 2 is an ordinary Resolution.

7.2 Listing Rule 11.1

Listing Rule 11.1 provides that where an entity proposes to make a significant change, either directly or indirectly, to the nature and/or scale of its activities, it must provide full details to ASX as soon as practicable and comply with the following:

- (a) provide to ASX information regarding the change and its effect on future potential earnings, and any information that ASX asks for;
- (b) if ASX requires, obtain the approval of holders of its shares and any requirements of ASX in relation to the notice of meeting; and
- (c) if ASX requires, meet the requirements of Chapters 1 and 2 of the Listing Rules as if the company were applying for admission to the Official List.

ASX has advised that it requires the Company to:

- (d) obtain the approval of its Shareholders for the proposed change of activities pursuant to Listing Rule 11.1.2; and
- (e) re-comply with the admission and quotation requirements set out in Chapters 1 and 2 of the Listing Rules.

For this reason, the Company is seeking Shareholder approval for the Company to change the nature and scale of its activities under Listing Rule 11.1.2 and pursuant to Listing Rule 11.1.3 in order to re-comply with Chapters 1 and 2 of the Listing Rules.

Details of the assets to be acquired by the Company and the proposed changes to the structure and operations of the Company are provided throughout this Explanatory Memorandum.

If Resolution 2 is passed (and subject to Shareholders passing each of the Transaction Resolutions), the Company will be able to proceed with the Transaction as outlined in this Notice.

If Resolution 2 is not passed, the Company will not be able to proceed with the Transaction, and will continue to seek potential acquisitions across all industries

7.3 **Board recommendation**

The Board recommends that Shareholders vote in favour of Resolution 2.

The Chair intends to exercise all available proxies in favour of Resolution 2.

8. **Resolution 3 – Approval to issue Consideration Shares to the GTS Vendors**

8.1 **General**

Resolution 3 seeks Shareholder approval pursuant to Listing Rule 7.1 for the issue of 29,500,000 Consideration Shares to the GTS Vendors (or their respective nominees).

A detailed description of the Transaction is outlined in Section 4 above.

Messrs Tom Spurling, Stephen Hunt and Daniel Eddington are directors of GTS and are GTS Vendors, and will receive a total of 11,583,189 Consideration Shares pursuant to the Share Sale Agreement. Messrs Spurling, Hunt and Eddington are to be appointed as Directors in connection with the Transaction subject to Shareholder approval pursuant to Resolution 12(a) to (c) (inclusive). Messrs Spurling, Hunt and Eddington are related parties of the Company by reason of being appointed Directors in connection with the Acquisition, but would not otherwise be related parties of the Company. Accordingly, the issue of 11,583,189 Consideration Shares to Messrs Spurling, Hunt and Eddington falls within exception 12 of Listing Rule 10.12, such that separate Shareholder approval is not being sought in respect of those Consideration Shares under Listing Rule 10.11.

Resolution 3 is a Transaction Resolution and is subject to Shareholders passing each of the Transaction Resolutions.

Resolution 3 is an ordinary resolution.

8.2 **Listing Rule 7.1**

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

The issue of the Consideration Shares does not fall within any of these exceptions and exceeds the 15% limit in Listing Rule 7.1. It therefore requires the approval of Shareholders under Listing Rule 7.1.

Resolution 3 seeks the required Shareholder approval to the issue of the Consideration Shares under and for the purposes of Listing Rule 7.1.

If Resolution 3 is passed, the Company will be able to proceed with the issue of the Consideration Shares and will issue the Consideration Shares no later than 3 months after the date of the Meeting. In addition, the issue will be excluded from the calculation of the number of Equity Securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If Resolution 3 is not passed, the Company will not be able to proceed with the issue of the Consideration Shares and the Transaction will not progress.

8.3 **Specific information required by Listing Rule 7.3**

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to the proposed issue of the Consideration Shares:

- (a) the GTS Vendors (or their respective nominees) will be issued a maximum of 29,500,000 Shares;
- (b) of the GTS Vendors, the parties considered to be a Material Investor are UoA with 3,842,643 Consideration Shares (and who is not a related party of the Company), and Messrs Tom Spurling, Stephen Hunt and Daniel Eddington, who are related parties of the Company by reason of being appointed Directors in connection with the Acquisition, and who will receive Consideration Shares in the proportions set out below:
 - (i) Tom Spurling (or his nominees) - 1,219,887 Consideration Shares;
 - (ii) Stephen Hunt (or his nominees) - 7,682,533 Consideration Shares; and
 - (iii) Daniel Eddington (or his nominees) - 2,680,769 Consideration Shares;
- (c) the Consideration Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules);
- (d) the Consideration Shares will be issued for nil cash consideration as they will be issued as consideration for the acquisition of 100% of the issued capital of GTS and therefore no funds will be raised as a result of the issue;
- (e) the Consideration Shares will be issued to the GTS Vendors (or their respective nominees);
- (f) the Consideration Shares will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (g) a summary of the terms of the Share Sale Agreement and Ancillary SSAs is set out in Section 4.7(b)(i) and further details of the Transaction are set out in Section 4; and
- (h) a voting exclusion statement is included in the Notice.

8.4 **Board recommendation**

The Board recommends that Shareholders vote in favour of Resolution 3.

The Chair will cast all available proxies in favour of Resolution 3.

9. Resolution 4 – Approval of Employee Securities Incentive Plan

9.1 General

The Company considers that it is desirable to adopt an employee incentive scheme pursuant to which the Company can issue Equity Securities to attract, motivate and retain key Directors, employees and consultants and provide them with the opportunity to participate in the future growth of the Company.

Resolution 4 seeks Shareholders' approval for the adoption of the employee incentive scheme titled "Sparc Technologies Limited Employee Securities Incentive Plan" (**Plan**) in accordance with Listing Rule 7.2 exception 13(b).

Under the Plan, the Board may offer to eligible persons the opportunity to subscribe for such number of Equity Securities in the Company as the Board may decide and on the terms set out in the rules of the Plan, a summary of the key terms and conditions of which is in Schedule 8. In addition, a copy of the Plan is available for review by Shareholders at the registered office of the Company until the date of the Meeting. A copy of the Plan can also be sent to Shareholders upon request to the Company Secretary. Shareholders are invited to contact the Company if they have any queries or concerns.

Resolution 4 is an ordinary resolution.

9.2 Listing Rules 7.1 and 7.2, exception 13(b)

A summary of Listing Rule 7.1 is contained in Section 8.2 above.

Listing Rule 7.2, exception 13(b) provides an exception to Listing Rule 7.1 such that issues of Equity Securities under an employee incentive scheme are exempt for a period of three years from the date on which shareholders approve the issue of Equity Securities under the scheme as an exception to Listing Rule 7.1.

If Resolution 4 is passed, the Company will be able to issue Equity Securities under the Plan to eligible participants over a period of three years without using the Company's 15% annual placement capacity under Listing Rule 7.1.

However, any future issues of Equity Securities under the Plan to a related party or a person whose relation with the Company or the related party is, in ASX's opinion, such that approval should be obtained will require additional Shareholder approval under Listing Rule 10.14 at the relevant time.

If Resolution 4 is not passed, the Company will be able to proceed with the issue of Equity Securities under the Plan to eligible participants, but any issues of Equity Securities will reduce, to that extent, the Company's capacity to issue Equity Securities without Shareholder Approval under Listing Rule 7.1 for the 12 month period following the issue of the Equity Securities.

9.3 Specific information required by Listing Rule 7.2, exception 13(b)

Pursuant to and in accordance with Listing Rule 7.2, exception 13(b), the following information is provided in relation to the Plan:

- (a) the material terms of the Plan are summarised in Schedule 7;

- (b) The Plan is a new employee incentive scheme and has not previously been approved by Shareholders. No Equity Securities have previously been issued under the Plan;
- (c) the maximum number of Equity Securities proposed to be issued under the Plan following approval shall not exceed 10% of the Company's Equity Securities on issue at Completion of the Transaction, subject to adjustment in the event of an alteration in capital and further subject to the applicable rules and regulations of all regulatory authorities to which the Company is subject, including ASX. Based on the expected number of Equity Securities on issue (on a post-Consolidation basis) on Completion of the Transaction (including the Equity Securities to be issued pursuant to this Notice), 10% equates to 8,108,502 Equity Securities (assuming the Maximum Subscription is achieved); and
- (d) a voting exclusion statement is included in the Notice.

9.4 **Board recommendation**

The Board recommends that Shareholders vote in favour of Resolution 4.

The Chair will cast all available proxies in favour of Resolution 4.

10. **Resolution 5 – Approval to create a new class of Performance Shares**

10.1 **General**

Resolution 5 seeks Shareholder approval for the Company to be authorised to issue Performance Shares as a new class of shares.

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).

Resolution 5 is a Transaction Resolution and is subject to Shareholders passing each of the Transaction Resolutions.

The Board recommends that Shareholders vote in favour of Resolution 5.

10.2 **Requirements for Shareholder approval**

Section 246B of the Corporations Act provides that the rights attaching to a class of shares cannot be varied without:

- (a) a special resolution passed at a meeting of the members holding shares in that class; or
- (b) the written consent of the members who are entitled to at least 75% of the votes that may be cast in respect of shares in that class.

The Company currently has only one class of shares on issue being fully paid ordinary shares and the terms of the Performance Shares are not the same. Accordingly, the Company seeks approval from Shareholders for the issue of the Performance Shares.

10.3 Purpose of the Performance Shares

The purpose of the issue of the Performance Shares is to incentivise the Proposed Directors and management against key performance criteria. If the milestones are not achieved within the prescribed timeframe, any Performance Shares that have not converted into Shares will automatically consolidate into a sum total of one Performance Share, which will then convert into one Share.

10.4 ASX approval pursuant to Listing Rule 6.1

Listing Rule 6.1 provides that the terms that apply to each class of equity security must, in ASX's opinion, be appropriate and equitable.

The Company has received confirmation from ASX for the issuance of the Performance Shares required under Listing Rule 6.1.

11. Resolution 6 - Approval to issue Performance Shares to the Proposed Directors

11.1 General

The Proposed Directors will receive Performance Shares under the Plan as follows:

Proposed Director	Performance Shares
Tom Spurling	2,250,000
Stephen Hunt	2,000,000
Daniel Eddington	2,000,000
TOTAL	6,250,000

Resolution 6(a)-(c) seek Shareholder approval pursuant to Listing Rule 10.14 for the issue of 6,250,000 Performance Shares to the Proposed Directors (or their respective nominees).

A detailed description of the Transaction is outlined in Section 4 above.

Resolution 6(a)-(c) is each a Transaction Resolution and is subject to Shareholders passing each of the Transaction Resolutions.

Resolution 6(a)-(c) is each a separate ordinary resolution.

11.2 Listing Rule 10.14

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:

- (b) a director of the company (Listing Rule 10.14.1);
- (c) an associate of a director the company (Listing Rule 10.14.2); or

- (d) a person whose relation with the company or a person referred to in Listing Rule 10.14.1 or 10.14.2 is such that, in ASX's opinion, the acquisition should be approved by its shareholders (Listing Rule 10.14.3),

unless it obtains the approval of its shareholders.

The proposed issue of the Performance Shares falls within Listing Rule 10.14.1 (or Listing Rule 10.14.2 if a Proposed Director elects for the Performance Shares to be granted to his nominee) and therefore requires the approval of Shareholders under Listing Rule 10.14.

As Shareholder approval is sought under Listing Rule 10.14, approval under Listing Rule 7.1 or 10.11 is not required.

If Resolution 6(a)-(c) are passed, the Company will be able to proceed with the issue of the Performance Shares to the Proposed Directors.

If Resolution 6(a)-(c) are not passed, the Transaction Resolutions will not pass, the remainder of the Transaction Resolutions will fail and the Transaction will not proceed.

11.3 **Specific information required by Listing Rule 10.15**

Pursuant to and in accordance with Listing Rule 10.15, the following information is provided in relation to the proposed issue of Performance Shares to the Proposed Directors:

- (a) The Proposed Directors (or their respective nominees) will be issued under the Plan a total of 6,250,000 Performance Shares and in the proportions set out in Section 11.1;
- (b) each of the Proposed Directors is a related party of the Company by virtue of being a Proposed Director and falls into the category stipulated by Listing Rule 10.14.1. In the event the Performance Shares are issued to a nominee of a Proposed Director, that person will fall into the category stipulated by Listing Rule 10.14.2;
- (e) the total remuneration package for each of the Proposed Directors is set out in Sections 4.7(b)(ii) to 4.7(b)(iv):
- (c) The Performance Shares will be issued no later than three years after the date of the Meeting and it is intended that the Performance Shares will be issued on the same date, being the date of Completion;
- (d) the Performance Shares will be issued for nil cash consideration to incentivise the Proposed Directors;
- (e) the Proposed Directors have not previously been issued Securities under the current Plan;
- (f) the Performance Shares will be issued on the terms and conditions set out in Schedule 6. The Board considers that Performance Shares are an appropriate form of incentive on the basis that:
 - (i) the Performance Shares retain and reward the Proposed Directors for the achievement of non-financial, long-term business objectives (including successful project delivery);

- (ii) Shareholders can readily ascertain and understand the Milestone which is required to be satisfied for the Performance Shares to vest and the number of Shares to which they relate;
 - (iii) the Proposed Directors will only obtain the value of the Performance Shares and convert the Performance Shares into Shares upon satisfaction of the Milestone; and
 - (iv) Performance Shares are simple to understand, likely to be highly valued by executives (and therefore retentive and incentivising) and are designed to attract, retain and reward quality executives for successfully delivering long objectives of the Company, including successful project delivery.
- (g) the Performance Shares will be issued on the terms and conditions set out in Schedule 6;
 - (h) a summary of the material terms of the Plan is set out in Schedule 7;
 - (i) a Black-Scholes valuation of the Performance Shares is set out in Schedule 8, with a summary for each Proposed Director below:

Proposed Director	Value of Performance Shares
Tom Spurling	\$173,589.26
Stephen Hunt	\$154,301.56
Daniel Eddington	\$154,301.56
Total	\$482,192.39

- (j) no loan will be provided to the Proposed Directors in relation to the issue of the Performance Shares;
- (k) details of any Securities issued under the Plan will be published in the annual report of the Company relating to a period in which they were issued, along with a statement that approval for the issue was obtained under Listing Rule 10.14. Any additional persons covered by Listing Rule 10.14 who become entitled to participate in the Plan after Resolution 6(a)-(c) are approved and who were not named in the Notice will not participate until approval is obtained under that rule; and
- (l) a voting exclusion statement is included in the Notice.

11.4 Chapter 2E of the Corporations Act

In accordance with Chapter 2E of the Corporations Act, in order to give a financial benefit to a related party, the Company must:

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

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

The Transaction will result in the issue of Securities which constitutes giving a financial benefit and the Proposed Directors are each a related party of the Company by virtue of being a Proposed Director or an entity controlled by a Proposed Director.

The Board considers that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue of the Performance Shares to the Proposed Directors (or their respective nominees), because the Performance Shares will be issued as reasonable remuneration to the Proposed Directors negotiated on arms' length terms prior to the appointment of the Proposed Directors, and as such the giving of the financial benefit is on arm's length terms in accordance with the exception set out in section 210 of the Corporations Act.

11.5 **Board recommendation**

The Board recommends that Shareholders vote in favour of Resolution 6(a)-(c).

The Chair will cast all available proxies in favour of Resolution 6(a)-(c).

12. **Resolution 7 - Approval to issue Performance Shares to Adrien Wing**

12.1 **General**

The proposed Company Secretary and Chief Financial Officer of the Company, Mr Adrien Wing, will receive 750,000 Performance Shares in connection with the Transaction.

Resolution 7 seeks Shareholder approval pursuant to Listing Rule 7.1 for the issue of 750,000 Performance Shares under the Plan to Mr Adrien Wing (or his nominee).

A detailed description of the Transaction is outlined in Section 4 above.

Resolution 7 is a Transaction Resolution and is subject to Shareholders passing each of the Transaction Resolutions.

Resolution 7 is an ordinary resolution.

12.2 **Listing Rule 7.1**

Listing Rule 7.1 is described in Section 8.2.

If Resolution 7 is passed, the Company will be able to proceed with the issue of Performance Shares to Mr Wing and will issue the Performance Shares no later than 3 months after the date of the Meeting. In addition, the issue will be excluded from the calculation of the number of Equity Securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If Resolution 7 is not passed, the Transaction Resolutions will not pass, the remainder of the Transaction Resolutions will fail and the Transaction will not proceed.

12.3 **Specific information required by Listing Rule 7.3**

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to the proposed issue of Performance Shares to Mr Wing:

- (a) Mr Wing (or his nominee) will be issued a total of 750,000 Performance Shares;
- (b) The Performance Shares will be issued no later than 3 months after the date of the Meeting and it is intended that the Performance Shares will be issued on the same date, being the date of Completion;
- (c) the Performance Shares will be issued for nil cash consideration to incentivise Mr Wing;
- (d) the Performance Shares will be issued on the terms and conditions set out in Schedule 6;
- (e) the Performance Shares are being issued under a services agreement with Mr Wing on terms considered standard for agreements of this nature and further details of the Transaction are set out in Section 4; and
- (f) a voting exclusion statement is included in the Notice.

12.4 **Board recommendation**

The Board recommends that Shareholders vote in favour of Resolution 7.

The Chair will cast all available proxies in favour of Resolution 7.

13. **Resolution 8 – Approval to issue Public Offer Shares**

13.1 **General**

A detailed description of the Transaction is outlined in Section 4 above.

Resolution 8 seeks Shareholder approval for the issue of up to 20,000,000 Shares at an issue price of \$0.20 each to raise up to \$4,000,000 (before costs) (**Public Offer Shares**).

The Public Offer Shares will be issued under the Prospectus to be issued by the Company in order to re-comply with Chapters 1 and 2 of the Listing Rules.

Resolution 8 is a Transaction Resolution and is subject to Shareholders passing each of the Transaction Resolutions.

Resolution 8 is an ordinary resolution.

13.2 **Listing Rule 7.1**

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

The issue of the Public Offer Shares does not fall within any of these exceptions and exceeds the 15% limit in Listing Rule 7.1. It therefore requires the approval of Shareholders under Listing Rule 7.1.

Resolution 8 seeks the required Shareholder approval to the issue of the Public Offer Shares under and for the purposes of Listing Rule 7.1.

If Resolution 8 is passed, the Company will be able to proceed with the issue of the Public Offer Shares and will issue the Public Offer Shares no later than 3 months after the date of the Meeting. In addition, the issue will be excluded from the calculation of the number of Equity Securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If Resolution 8 is not passed, the Company will not be able to proceed with the issue of the Public Offer Shares and the Transaction will not progress.

13.3 **Specific information required by Listing Rule 7.3**

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to the issue of the Public Offer Shares:

- (a) the maximum number of Shares to be issued as Public Offer Shares is 20,000,000;
- (b) the subscribers will be applicants under the Public Offer and, except as referred to in Resolution 9(a) to (e), will not be related parties of the Company. Successful applicants will be determined by the Directors in consultation with the Lead Manager in accordance with the allocation policy set out in the Prospectus. It is not yet known whether any of the applicants will be Material Investors;
- (c) the Public Offer Shares will be issued no later than 3 months 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 the Public Offer Shares will be issued on the same date, being the date of Completion;
- (d) the issue price of the Public Offer Shares will be \$0.20 per Share;
- (e) the Public Offer Shares are proposed to be issued to participants in the Public Offer at the Board's discretion in consultation with the Directors and Lead Manager and pursuant to the Prospectus;
- (f) the Public Offer Shares to be issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (g) the Company's intended use of the funds raised from the issue of the Public Offer Shares is set out in Section 4.14 above;
- (h) further details of the Transaction are set out in Section 4; and
- (i) a voting exclusion statement is included in the Notice.

13.4 **Board recommendation**

The Board recommends that Shareholders vote in favour of Resolution 8.

The Chair intends to exercise all available proxies in favour of Resolution 8.

14. **Resolution 9(a)-(e) – Participation in Public Offer by Directors and Proposed Directors**

14.1 **General**

Pursuant to Resolution 8, the Company is seeking shareholder approval for the Public Offer, being the issue up to 20,000,000 Public Offer Shares at an issue price of \$0.20 each to raise up to a total of \$4,000,000 (before costs).

Directors Adam Santa Maria, Logan Robertson, and Brett Lawrence, as well as Proposed Directors Stephen Hunt and Daniel Eddington wish to participate in the Public Offer, subject to Shareholder approval being obtained (**Related Party Participants**).

Resolution 9(a)-(e) seek the approval of Shareholders pursuant to Listing Rule 10.11 for the issue of up to 2,250,000 Public Offer Shares to the Related Party Participants (or their respective nominees) arising from their participation in the Public Offer (**Participation**) as follows:

- (a) up to 375,000 Public Offer Shares to Adam Santa Maria;
- (b) up to 750,000 Public Offer Shares to Logan Robertson;
- (c) up to 250,000 Public Offer Shares to Brett Lawrence;
- (d) up to 375,000 Public Offer Shares to Stephen Hunt; and
- (e) up to 500,000 Public Offer Shares to Daniel Eddington.

Resolution 9(a)-(e) are each a Transaction Resolution and are subject to the approval of the other Transaction Resolutions.

Resolution 9(a)-(e) are separate, ordinary resolutions.

14.2 **Listing Rule 10.11**

Listing Rule 10.11 requires shareholder approval to be obtained where an entity issues, or agrees to issue, equity securities to:

- (a) a related party;
- (b) a person who is or was at any time in the 6 months before the issue or agreement to issue, a substantial (30%+) holder in the entity;
- (c) a person who is or was at any time in the 6 months before the issue or agreement to issue, a substantial (10%+) holder in the entity and who has nominated a director to the board of the entity pursuant to a relevant agreement which gives them a right or expectation to do so;
- (d) an associate of any of the persons referred to above; or
- (e) a person who or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained,

unless an exception in Listing Rule 10.12 applies.

Under the Listing Rules, related parties include Directors of a Company and persons whom the Company reasonably believes will become a related party in the future. As such, Messrs Adam Santa Maria, Logan Robertson, and Brett Lawrence (existing Directors) and Messrs Stephen Hunt and Daniel Eddington (Proposed Directors) are related parties of the Company.

As the Participation involves the issue of Shares to related parties of the Company, Shareholder approval pursuant to Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in Listing Rule 10.12 do not apply in the current circumstances.

Approval pursuant to Listing Rule 7.1 is not required for the Participation as approval is being obtained under Listing Rule 10.11. Accordingly, the issue of Shares to the Related Party Participants (or their nominees) will not be included in the use of the Company's 15% placement capacity pursuant to Listing Rule 7.1.

If Resolution 9(a)-(e) are passed, the Company will be able to proceed with the issue of the Public Offer Shares to the Related Party Participants pursuant to their Participation.

If Resolution 9(a)-(e) are not passed, the Related Party Participants will not be able to acquire the Public Offer Shares pursuant to their Participation and the Transaction will not progress.

14.3 **ASX Waiver Application**

The Company has obtained a waiver from Listing Rule 10.13.5 to enable the Company to issue the Public Offer Shares to the Related Party Participants (or their respective nominees) at the same time as the Public Offer Shares that are the subject of Resolution 8, rather than within one month after the date of the Meeting (as required by Listing Rule 10.13.5). The full terms and conditions of the waiver decision are set out in Schedule 9.

14.4 **Specific information required by Listing Rule 10.13**

Pursuant to and in accordance with Listing Rule 10.13, the following information is provided in relation to the Participation:

- (a) The Related Party Participants are to be issued a maximum of 2,250,000 Public Offer Shares as follows;
 - (i) up to 375,000 Public Offer Shares to Adam Santa Maria;
 - (ii) up to 750,000 Public Offer Shares to Logan Robertson;
 - (iii) up to 250,000 Public Offer Shares to Brett Lawrence;
 - (iv) up to 375,000 Public Offer Shares to Stephen Hunt; and
 - (v) up to 500,000 Public Offer Shares to Daniel Eddington.
- (b) the Related Party Participants are related parties of the Company by virtue of their position as a Director or Proposed Director and fall under the category stipulated under Listing Rule 10.11.1;
- (c) the Public Offer Shares will be issued to the Related Party Participants (or their respective nominees) at the same time as the Public Offer Shares that are the subject of Resolution 8, which must be no later than 3 months after the date of the Meeting;

- (d) the Public Offer Shares to be issued to the Related Party Participants will be issued at a price of \$0.20 each;
- (e) the Public Offer Shares will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (f) the Company's intended use of the funds raised from the issue of the Public Offer is set out in Section 4.14 above;
- (g) further details of the Transaction are set out in Section 4; and
- (h) a voting exclusion statement is included in the Notice.

14.5 **Chapter 2E of the Corporations Act**

In accordance with Chapter 2E of the Corporations Act, in order to give a financial benefit to a related party, the Company must:

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

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

The Participation will result in the issue of Securities which constitutes giving a financial benefit and the Related Party Participants are related parties of the Company by virtue of their position as a Director or Proposed Director.

The Board considers that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the Participation, because the Public Offer Shares to be issued to the Related Party Participants will be issued on the same terms as Public Offer Shares issued to other participants in the Public Offer, and as such the giving of the financial benefit is on arm's length terms.

14.6 **Section 195 of the Corporations Act**

Section 195 of the Corporations Act provides that a director of a public company must not vote or be present during meetings of directors when matters in which that director holds a material personal interest are being considered.

Directors Adam Santa Maria, Logan Robertson and Brett Lawrence have a material personal interest in the outcome of each of their respective Resolutions under Resolution 9(a) to (c) and have exercised their right under section 195(4) of the Corporations Act to put the issue of the Participation to Shareholders to resolve upon.

14.7 **Board recommendation**

The Board declines to make a recommendation in respect of Resolution 9(a)-(e) due to the material personal interest of the Directors in the Resolutions.

The Chair will cast all available proxies in favour of Resolution 9(a)-(e).

15. **Resolution 10(a) and (b) – Approval to issue Securities to Lead Manager**

15.1 **General**

Resolution 10(a) and (b) seek Shareholder approval for the issue of up to 1,409,265 unquoted Options with an exercise price of \$0.30 and which expire on the date that is 3 years from the date of issue (**Underwriter Options**) and 250,000 Shares to the Lead Manager or its nominees (together, **Lead Manager Securities**).

A summary of the Lead Manager Mandate is set out in Section 4.24(a).

The full terms and conditions of the Underwriter Options are set out in Schedule 5.

Resolution 10(a) and (b) are each a Transaction Resolution and are subject to Shareholders passing each of the Transaction Resolutions.

Resolution 10(a) and (b) are each an ordinary resolution.

15.2 **Listing Rule 7.1**

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

The issue of the Lead Manager Securities does not fall within any of these exceptions and exceeds the 15% limit in Listing Rule 7.1. It therefore requires the approval of Shareholders under Listing Rule 7.1.

Resolution 10(a) and (b) seek the required Shareholder approval to the issue of the Lead Manager Securities under and for the purposes of Listing Rule 7.1.

If Resolution 10(a) and (b) are passed, the Company will be able to proceed with the issue of the Lead Manager Securities and will issue the Lead Manager Securities no later than 3 months after the date of the Meeting. In addition, the issues will be excluded from the calculation of the number of Equity Securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If Resolution 10(a) and (b) are not passed, the Company will not be able to proceed with the issue of the Lead Manager Securities and the Transaction will not progress.

15.3 **Specific information required by Listing Rule 7.3**

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to the issue of the Lead Manager Securities:

- (a) the maximum number of Lead Manager Securities to be issued is 1,409,265 Underwriter Options and 250,000 Shares;
- (b) the Lead Manager Securities will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules);

- (c) the Lead Manager Securities will be issued for nil cash consideration in consideration for Lead Manager services provided pursuant to the Lead Manager Mandate and therefore no funds will be raised from their issue;
- (d) the Lead Manager Securities are proposed to be issued to the Lead Manager or its nominees;
- (e) the Shares to be issued to the Lead Manager will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (f) the Underwriter Options to be issued will have an exercise price of \$0.30 each, expire on the date that is 3 years from the date of issue and otherwise will be on the terms and conditions set out in Schedule 5;
- (g) a summary of the Lead Manager Mandate is set out in Section 4.24(a);
- (h) further details of the Transaction are set out in Section 4; and
- (i) a voting exclusion statement is included in the Notice.

15.4 **Board recommendation**

The Board recommends that Shareholders vote in favour of Resolution 10(a) and (b).

The Chair intends to exercise all available proxies in favour of Resolution 10(a) and (b).

16. **Resolution 11(a) and (b) – Approval to issue Securities to Discovery Capital Partners**

16.1 **General**

Pursuant to Resolution 11(a) and (b), the Company is seeking shareholder approval for the issue of 375,000 Shares and 750,000 Options (**Adviser Options**) to Discovery Capital Partners (or its nominees) (together, **Adviser Securities**).

The Adviser Options to be issued will have an exercise price of \$0.30 each, expire on the date that is 3 years from the date of issue and otherwise will be on the terms and conditions set out in Schedule 5.

A summary of the Corporate Advisory Mandate is set out in Section 4.24(b).

Resolution 11(a) and (b) are each a Transaction Resolution and are subject to the approval of the other Transaction Resolutions.

Resolution 11(a) and (b) are separate, ordinary resolutions.

16.2 **Listing Rule 10.11**

Listing Rule 10.11 requires shareholder approval to be obtained where an entity issues, or agrees to issue, equity securities to:

- (a) a related party;

- (b) a person who is or was at any time in the 6 months before the issue or agreement to issue, a substantial (30%+) holder in the entity;
- (c) a person who is or was at any time in the 6 months before the issue or agreement to issue, a substantial (10%+) holder in the entity and who has nominated a director to the board of the entity pursuant to a relevant agreement which gives them a right or expectation to do so;
- (d) an associate of any of the persons referred to above; or
- (e) a person who or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained,

unless an exception in Listing Rule 10.12 applies.

Discovery Capital Partners is an entity controlled by Adam Santa Maria, a current Director.

As the issue of the Adviser Securities involves the issue of Securities to a related party of the Company, Shareholder approval pursuant to Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in Listing Rule 10.12 do not apply in the current circumstances.

Approval pursuant to Listing Rule 7.1 is not required as approval is being obtained under Listing Rule 10.11. Accordingly, the issue of the Adviser Securities to Discovery Capital Partners (or its nominee) will not be included in the use of the Company's 15% placement capacity pursuant to Listing Rule 7.1.

If Resolution 11(a) and (b) are passed, the Company will be able to proceed with the issue of the Adviser Securities to Discovery Capital Partners (or its nominee).

If Resolution 11(a) and (b) are not passed, Discovery Capital Partners will not be able to acquire the Adviser Securities and the Transaction will not progress.

16.3 **ASX Waiver Application**

The Company has obtained a waiver from Listing Rule 10.13.5 to enable the Company to issue the Adviser Securities to Discovery Capital Partners (or its nominee) at the same time as the Public Offer Shares, rather than within one month after the date of the Meeting (as required by Listing Rule 10.13.5). The full terms and conditions of the waiver decision are set out in Schedule 9.

16.4 **Specific information required by Listing Rule 10.13**

Pursuant to and in accordance with Listing Rule 10.13, the following information is provided in relation to the proposed issue of the Adviser Securities:

- (a) the maximum number of Adviser Securities to be issued is 375,000 Shares and 750,000 Adviser Options;
- (b) Discovery Capital Partners is a related party of the Company by virtue of being an entity controlled Adam Santa Maria and falls under the category stipulated under Listing Rule 10.11.1;

- (c) the Adviser Securities will be issued to Discovery Capital Partners (or its nominee) at the same time as the Public Offer Shares, which must be no later than 3 months after the date of the Meeting;
- (d) the Adviser Options to be issued will have an exercise price of \$0.30 each, expire on the date that is 3 years from the date of issue and otherwise will be on the terms and conditions set out in Schedule 5;
- (e) the Shares to be issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (f) the Adviser Securities are being issued in consideration for corporate advisory services provided to the Company pursuant to the Corporate Advisory Mandate. The Shares will be issued for nil cash consideration (and therefore no funds will be raised from their issue) and the Advisor Options will be issued at a nominal issue price of \$0.0001 each (with funds raised from their issue to be applied towards general working capital);
- (g) further details of the Transaction are set out in Section 4;
- (h) a summary of the Corporate Advisory Mandate is set out in Section 4.24(b); and
- (i) a voting exclusion statement is included in the Notice.

16.5 **Chapter 2E of the Corporations Act**

In accordance with Chapter 2E of the Corporations Act, in order to give a financial benefit to a related party, the Company must:

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

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

The issue of the Adviser Securities will result in the issue of Securities which constitutes giving a financial benefit and Discovery Capital Partners is a related party of the Company by virtue of being an entity controlled by Director Adam Santa Maria.

The Board (other than Mr Adam Santa Maria, who has a material personal interest in the outcome of the Resolutions) considers that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue of the Adviser Securities as the giving of the financial benefit is on arm's length terms.

16.6 **Board recommendation**

The Board (other than Mr Adam Santa Maria, who has a material personal interest in the outcome of the Resolutions) recommends that Shareholders vote in favour of Resolution 11(a) and (b).

The Chair will cast all available proxies in favour of Resolution 11(a) and (b).

17. **Resolution 12(a), (b) and (c) – Election of Directors**

17.1 **General**

Rule 3.4 of the Constitution allows the Company to elect a person as a Director by resolution passed in general meeting.

Pursuant to the Share Sale Agreement, at Completion it is proposed that Messrs Stephen Hunt, Thomas Spurling and Daniel Eddington will be appointed as Directors.

Resolution 12(a) to (c) seeks approval for the election of Messrs Hunt, Spurling and Eddington as Directors on and from Completion if each of the other Transaction Resolutions are approved by Shareholders.

Please refer Section 4.17(b) for information on the qualifications, skills and experience of Messrs Hunt, Spurling and Eddington.

Resolution 12(a) to (c) are each a Transaction Resolution and subject to Shareholders passing each of the Transaction Resolutions and Completion occurring.

Resolution 12(a) to (c) are each a separate ordinary resolution.

17.2 **Board recommendation**

The Board recommends that Shareholders vote in favour of Resolution 12(a) to (c).

The Chair intends to exercise all available proxies in favour of Resolution 12(a) to (c).

18. **Resolution 13 – Change of Company Name**

18.1 **General**

Section 157(1)(a) of the Corporations Act provides that a company may change its name if the company passes a special resolution adopting a new name.

Resolution 13 seeks Shareholder approval for a change in the Company's name to "Sparc Technologies Limited" in accordance with section 157 of the Corporations Act.

Resolution 13 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).

The proposed name has been reserved by the Company with ASIC. The change of name will take effect from when ASIC alters the details of the Company's registration.

It is proposed that the Company's listing code will also be changed from "AJC" to "SPN".

18.2 **Board recommendation**

The Board recommends that Shareholders vote in favour of Resolution 13.

The Chair will cast all available proxies in favour of Resolution 13.

19. **Resolution 14 – Replacement of Constitution**

19.1 **General**

Under section 136(2) of the Corporations Act, a company may modify or repeal its constitution or a provision of its constitution by special resolution of Shareholders.

Resolution 14 seeks the approval of Shareholders to repeal the Company's existing Constitution and adopt a new constitution (**Proposed Constitution**) which is of the type required for a listed public company limited by shares, with effect from Completion.

The Proposed Constitution incorporates amendments to the Corporations Act and the Listing Rules since the current Constitution was adopted in 1999. 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.

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.

Shareholders are invited to contact the Company if they have any queries or concerns.

Resolution 14 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).

The Board recommends that Shareholders vote in favour of Resolution 14.

19.2 **Summary of material proposed changes**

(a) **Restricted Securities (article 2.7)**

ASX has recently introduced a number of changes to the escrow regime in the Listing Rules to make aspects of the listing process and ongoing compliance with the Listing Rules more efficient for issuers and for ASX.

Amongst these, ASX has introduced a two-tier escrow regime where ASX can and will require certain more significant holders of Restricted Securities (as defined by the Listing Rules) and their controllers to execute a formal escrow agreement in the form of Appendix 9A, as is currently the case. However, for less significant holdings, ASX will instead permit entities to rely on a provision in their constitution imposing appropriate escrow restrictions on the holder of Restricted Securities and to simply give a notice to the holder of Restricted Securities in the form of a new Appendix 9C advising them of those restrictions.

Under article 2.7 of the Proposed Constitution, holders of Restricted Securities will be taken to have agreed in writing that those Securities are to be kept on the Company's issuer sponsored sub-register and are to have a holding lock applied for the duration of

the applicable escrow period. Holders of Restricted Securities will also not be entitled to participate in any return of capital on those Securities during the applicable escrow period, except as permitted by the Listing Rules or ASX.

(b) **Minimum Shareholdings (article 2.6 and schedule 4)**

Articles 2.6 and schedule 4 of the Proposed Constitution outline how the Company can manage shareholdings which represent 'less than a marketable 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 (**Minimum Shareholding**).

The Proposed Constitution is in line with the requirements for dealing with Minimum Shareholdings outlined in the Corporations Act and Listing Rules such that where the Company elects to undertake a sale of Minimum Shareholdings, the Company is only required to give one notice to holders of Minimum Shareholdings to elect to retain their shareholding before the Minimum Shareholdings can be dealt with by the Company, saving time and administrative costs incurred by otherwise having to send out additional notices.

Schedule 4 of the Proposed Constitution continues to outline in detail the process that the Company must follow for dealing with Minimum Shareholdings.

(c) **Dividends (article 13)**

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:

- (i) the company's assets exceed its liabilities immediately before the dividend is declared and the excess is sufficient for the payment of the dividend;
- (ii) the payment of the dividend is fair and reasonable to the company's shareholders as a whole; and
- (iii) 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.

(d) **Fee for registration of off-market transfers (article 4.4)**

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, sometimes referred to 'off-market transfers'.

Article 4.4 of the Proposed Constitution enables the Company to charge a reasonable fee when it is required to register 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 is required to notify ASX of the fee to be charged and provide sufficient information to enable ASX to assess the reasonableness of the proposed amount.

(e) Deemed notice to uncontactable Shareholders (article 14.5)

Article 14.5 provides that a document will be deemed to have been served to a Shareholder if the document is exhibited in the registered office of the Company for 48 hours in the event that:

- (i) a Shareholder does not have an address in the register of Shareholders, and has not nominated an alternative address; or
- (ii) the Company reasonable believes that a Shareholder is not known at the Shareholder's address in the register of Shareholders or any alternative address provided.

(f) Partial (proportional) takeover provisions (article 4.9 and schedule 5)

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.

While the original Constitution included a provision regarding proportional takeover bids, this provision has since ceased to have effect.

19.3 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, no Director is aware of any proposal by any person to acquire, or to increase the extent of, a substantial interest in the Company, save for the Transaction as set out in this Notice. It is noted that the Proposed Constitution will not take effect until Completion, and the Directors are of the opinion that the adoption of the Proposed Constitution will not frustrate the Transaction as contemplated in this Notice.

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

(e) **Recommendation of the Board**

The Directors do not believe the potential disadvantages outweigh the potential advantages of adopting the proportional takeover provisions and as a result consider that the proportional takeover provision in the Proposed Constitution is in the interest of Shareholders and unanimously recommend that Shareholders vote in favour of Resolution 14.

Schedule 1 Definitions

In the Notice, words importing the singular include the plural and vice versa.

\$ or A\$	means Australian Dollars.
Adviser Options	has the meaning given in Section 16.1.
Adviser Securities	has the meaning given in Section 16.1.
Ancillary SSAs	means the ancillary share sale agreements to be entered into between the Company and the Minority Sellers to effect the Transaction.
ASX	means the ASX Limited (ABN 98 008 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX Limited.
Board	means the board of Directors.
Chair	means the person appointed to chair the Meeting of the Company convened by the Notice.
Closely Related Party	means: <ul style="list-style-type: none"> (a) a spouse or child of the member; or (b) has the meaning given in section 9 of the Corporations Act.
Company	means Acacia Coal Limited (ACN 009 092 068).
Completion	means completion of the Transaction in accordance with the Share Sale Agreement.
Conditional Admission Letter	means a letter from the ASX setting out that the Company's securities will be reinstated to official quotation subject to the satisfaction of certain conditions.
Consideration Shares	means 29,500,000 Shares to be issued to the GTS Vendors (or their respective nominees) pursuant to the Share Sale Agreement and Ancillary SSAs (being the subject of Resolution 3 and Error! Reference source not found.).
Consolidation	means the proposed 200-for-1 consolidation of the Company's issued capital which is the subject of Resolution 1.
Constitution	Means the constitution of the Company as at the date of this Notice.
Corporations Act	means the <i>Corporations Act 2001</i> (Cth).
Corporate Mandate	Advisory means the mandate with Discovery Capital Partners summarised in Section 4.24(b).
Director	means a director of the Company.

Discovery Partners	Capital Discovery Capital Partners Pty Ltd ACN 615 635 982.
Equity Security	has the same meaning as in the Listing Rules.
Explanatory Memorandum	means the explanatory memorandum which forms part of the Notice.
GTS	means Graphene Technology Solutions Ltd ACN 629 889 550.
GTS Vendors	means the shareholders of GTS.
Key Management Personnel	has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any Director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.
Lead Manager	means Morgans.
Lead Manager Mandate	means the mandate with the Lead Manager summarised in Section 4.24(a).
Lead Manager Securities	has the meaning given in Section 15.1.
Licence	has the meaning given in Section 4.7(a)(i).
Licensed Technology	has the meaning given in Section 4.7(a)(i).
Listing Rules	means the listing rules of ASX.
Material Investor	<p>means, in relation to the Company:</p> <ul style="list-style-type: none"> (a) a related party; (b) a member of Key Management Personnel; (c) a substantial Shareholder; (d) an adviser; or (e) an associate, <p>of the above who will receive securities in the Company which constitute more than 1% of the Company's anticipated capital structure at the time of issue.</p>
Maximum Subscription	means the maximum amount of \$4,000,000 (before costs) to be raised pursuant to the Public Offer via the issue of 20,000,000 Public Offer Shares.
Meeting	has the meaning given in the introductory paragraph of the Notice.

Merged Group	means the Company, and its wholly owned subsidiaries, including GTS, after completion of the Transaction.
Minimum Subscription	means the minimum amount of \$3,000,000 (before costs) to be raised pursuant to the Public Offer via the issue of 15,000,000 Public Offer Shares.
Minority Sellers	has the meaning given in Section 4.2(a).
Morgans	means Morgans Corporate Limited ACN 010 539 607 (AFSL 235 407).
Notice	means this notice of general meeting.
Official List	means the official list of ASX.
Option	means an option to acquire a Share.
Performance Shares	means the performance shares on the terms and conditions set out in Schedule 6.
Plan	means the Sparc Technologies Limited Employee Securities Incentive Plan which is the subject of Resolution 4.
Products	means any product or process which is derived from, based on or produced by using, or which incorporates, all or any part of the Licensed Technology and includes the provision of services using such products or processes or using the Licensed Technology.
Proposed Constitution	has the meaning given in Section 19.1.
Prospectus	means the prospectus to be issued by the Company for the issue of the Public Offer Shares, Consideration Shares, Adviser Securities and Lead Manager Securities.
Proxy Form	means the proxy form attached to the Notice.
Public Offer	means the offer of the Public Offer Shares (the subject of Resolution 8) pursuant to the Prospectus.
Public Offer Shares	means up to 20,000,000 Public Offer Shares to be issued pursuant to the Public Offer at an issue price of \$0.20 each to raise up to \$4,000,000 (before costs) (the subject of Resolution 8).
Related Participants	Party means Directors Adam Santa Maria, Logan Robertson, and Brett Lawrence, and Proposed Directors Messrs Stephen Hunt and Daniel Eddington.
Resolution	means a resolution referred to in the Notice.
Schedule	means a schedule to the Notice.
Section	means a section of the Explanatory Memorandum.

Securities	means any Equity Securities of the Company (including Shares, Options and/or Performance Shares).
Share	means a fully paid ordinary share in the capital of the Company.
Share Sale Agreement	means the conditional share sale agreement pursuant to which the Company will acquire 100% of the issued capital of GTS from the GTS Vendors.
Shareholder	means the holder of a Share.
Shortfall Funds	means the funds raised from the Shares not subscribed for under the Public Offer.
Transaction	means the acquisition by the Company of 100% of the issued capital of GTS in accordance with the Share Sale Agreement.
Transaction Resolutions	has the meaning given in Section 3.
Underwriter Options	means up to 1,409,265 unquoted Options with an exercise price of \$0.30 and which expire on the date that is 3 years from the date of issue to be issued to the Underwriter (being the subject of Resolution 10(a)).
UoA	means The University of Adelaide (ABN 61 249 878 937).
WST	means Western Standard Time being the time in Perth, Western Australia.

Schedule 2 Transaction Based Comparison Table

* On a post-Consolidation basis.

Particulars	Prior to Transaction - Position of Company as stated in latest audited, consolidated financial statements	Effect of Transaction	Post Transaction Analysis - Pro forma	Percentage Change due to Transaction	Scale of Change
Total Consolidated Assets	2,274,282	4,142,574	6,416,858	182%	2.82
Total Equity	2,215,167	3,824,159	6,039,326	172%	2.73
Annual Revenue	29,853	50,000	79,853	167%	2.67
Annual Profit (before tax)	(546,202)	(1,280,017)	(1,826,219)	(234%)	3.34
Total No. of shares	20,338,258 *	45,125,000	65,463,258	221%	3.22
Total No. of options	1,562,500 *	2,159,265	3,721,765	138%	2.38
Total No. of other convertible securities	0	7,000,000	7,000,000	100%	-

Schedule 3 Pro forma Balance Sheet

	GTS	Capital Raising	Cost of Capital	Options to advisors	RTO Acquisition Accounting	Proforma (\$3M)	RTO Acquisition Accounting	Additional \$1M capital raising	Proforma (\$4M)
	\$	\$	\$	\$	\$	\$		\$	\$
ASSETS									
Current Assets									
Cash and cash equivalents	53,995	3,000,000	- 408,445		2,245,345	4,890,895		938,902	5,829,797
Trade and other receivables	86,034				12,257	98,291			98,291
Other current assets	162,790				16,501	179,291			179,291
Total Current Assets	302,819	3,000,000	408,445	-	2,274,103	5,168,477	-	938,902	6,107,379
Non-Current Assets									
Plant & equipment	79,757					79,757			79,757
Financial asset	-				179	179			179
Investment /Aquisition Accounting	-					-			-
Total Non-Current Assets	79,757	-	-	-	179	79,936	-	-	79,936
Total Assets	382,576	3,000,000	408,445	-	2,274,282	5,248,413	-	938,902	6,187,315
LIABILITIES									
Current Liabilities									
Trade and other payables	318,417				59,115	377,532			377,532

Total Current Liabilities	318,417	-	-	-	59,115	377,532	-	-	377,532
Total Liabilities	318,417	-	-	-	59,115	377,532	-	-	377,532
Net Assets	64,159	3,000,000	408,445	-	2,215,167	4,870,881	-	938,902	5,809,783
Equity									
Contributed equity	1,328,639	3,000,000	408,445	-	2,659,185	6,400,522	-	265,255	7,074,169
Reserves	217,200			178,857	992,516	1,388,573			1,388,573
Accumulated losses	-				-	-	265,255		-
	1,481,680				1,436,534	2,918,214			2,652,959
Total Equity	64,159	3,000,000	408,445	-	2,215,167	4,870,881	-	938,902	5,809,783

**Schedule 4 GTS Financial Statements for the years ended 30
June 2019 and 30 June 2020**

Graphene Technology Solutions Limited

ABN: 16 629 889 550

Financial report

For the year ended 30 June 2020

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GRAPHENE TECHNOLOGY SOLUTIONS LIMITED

ABN: 16 629 889 550

DIRECTORS' REPORT

The directors present their report together with the financial report of Graphene Technology Solutions Limited ("the Company") for the year ended 30 June 2020 and auditor's report thereon.

Directors names

The names of the directors in office at any time during or since the end of the year are:

S B Hunt

R W C Willson

T A Spurling

D J Eddington (Appointed - 5 December 2019)

The directors have been in office since the start of the year to the date of this report unless otherwise stated.

Results

The loss of the Company for the year after providing for income tax amounted to \$1,425,841 (2019: \$213,027).

Review of operations

The Company continued to engage in its principal activity, the results of which are disclosed in the attached financial statements.

Significant changes in state of affairs

There were no significant changes in the Company's state of affairs that occurred during the financial year, other than those referred to elsewhere in this report.

Principal activities

The principal activity of the Company during the year was the commercialisation of graphene enhanced products.

No significant change in the nature of these activities occurred during the year.

GRAPHENE TECHNOLOGY SOLUTIONS LIMITED

ABN: 16 629 889 550

DIRECTORS' REPORT

After balance date events

Subsequent to reporting date, the Company and its major shareholders executed a binding agreement with Acacia Coal Limited, that subject to a number of conditions precedent including shareholder approval, will result in Acacia Coal Limited acquiring 100% of the issued capital of the Company. This transaction has not been completed at the date of these financial statements.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

Likely developments

Likely developments are set out in After Balance Date Events.

Environmental regulation

The Company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Dividends paid, recommended and declared

No dividends were paid or declared since the start of the year. No recommendation for payment of dividends has been made.

Information on directors

S B Hunt

Qualifications

Experience

Executive Chairman

BBu (Marketing), AICD

Non Executive Director of American Pacific Borate Ltd. (ASX: ABR).
Previous Directorships include, Magnis Resources Ltd (ASX: MNS), Volt Resources Ltd (ASX: VRC), IMX Resources Ltd and Australian Zircon Ltd.
Cumulatively, over 20 years as a Director of ASX listed companies.
Previous experience also includes various marketing roles over 15 years with BHP.
Director of charity, Count Me In.

GRAPHENE TECHNOLOGY SOLUTIONS LIMITED

ABN: 16 629 889 550

DIRECTORS' REPORT

Information on directors (Continued)

R W C Willson

Non- Executive Director and Company Secretary

Qualifications

BAC, FCPA, FAICD

Experience

Richard is an experienced, Non-Executive Director, Company Secretary and CFO with more than 20 years' experience predominantly within the mining, technology and agricultural sectors for both publicly listed and private companies.

Richard has a Bachelor of Accounting from the University of South Australia, is a Fellow of CPA Australia, and a Fellow of the Australian Institute of Company Directors. He is a Non-Executive Director of Titomic Limited (ASX:TTT), AusTin Mining Limited (ASX:ANW), Thomson Resources Limited (ASX:TMZ), Variety SA, and the not-for-profit Unity Housing Company; and Company Secretary of a number of ASX Listed Companies. Richard is the Chairman of the Audit Committee of Titomic Limited, AusTin Mining Limited, and Unity Housing Company, and is the Chairman of the Remuneration & Nomination Committee of Titomic Limited.

T A Spurling

Managing Director

Qualifications

BEC

Experience

Tom has 35 years of experience and is an accomplished international manager and leader with particular expertise in leading growth initiatives into overseas markets for Australian companies and subsequent operations for medical technologies and devices and complex electro optical systems.

Tom's experience includes acquisitions, listed company equity capital markets in Australia and the USA, marketing strategy development, engineering, development and introduction of complex new products in highly regulated markets, sales management, manufacturing, people management, customer relationship management (both private business and Australian, US and other governments), financial reporting and reporting to a Board and institutional and retail shareholders.

D J Eddington

Director

Experience

Director of Jade Gas Ltd.

Dan has over 20 years experience in the financial markets with experience across multiple sectors including the resource, energy and industrial sectors.

Dan specialises in equity capital markets and has been responsible for IPO's, placements, reverse takeovers, underwritings, corporate negotiations and corporate advisory for companies predominantly in the resource sector.

GRAPHENE TECHNOLOGY SOLUTIONS LIMITED

ABN: 16 629 889 550

DIRECTORS' REPORT

Meetings of directors

Directors	Directors' meetings	
	Number eligible to attend	Number attended
S B Hunt	4	4
R W C Willson	4	4
T A Spurling	4	4
D J Eddington	4	4

Options

Rights to 3,500,000 performance shares granted on 1 August 2019 for no exercise price with no expiry date.

Indemnification of officers

No indemnities have been given or insurance premiums paid, during or since the end of the period, for any person who is or has been an officer of the Company.

Indemnification of auditors

No indemnities have been given or insurance premiums paid, during or since the end of the year, for any person who is or has been an auditor of the Company.

Auditor's independence declaration

A copy of the auditor's independence declaration in relation to the audit for the financial year is provided with this report.

Proceedings on behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

Signed on behalf of the board of directors.

Director: 
S B Hunt

Director: 
R W C Willson

Dated this 18th day of SEPTEMBER 2020

DECLARATION OF INDEPENDENCE
BY ANDREW TICKLE
TO THE DIRECTORS OF GRAPHENE TECHNOLOGY SOLUTIONS LIMITED

As lead auditor of Graphene Technology Solutions Limited for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.



Andrew Tickle
Director

BDO Audit (SA) Pty Ltd

Adelaide, 18 September 2020

GRAPHENE TECHNOLOGY SOLUTIONS LIMITED

ABN: 16 629 889 550

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2020**

	Note	2020 \$	8 November 2018 to 30 June 2019 - Unaudited \$
Revenue and other income			
Other income	14	<u>50,000</u>	<u>-</u>
		<u>50,000</u>	<u>-</u>
Less: expenses			
Depreciation and amortisation expense		(4,053)	(281)
Employee benefits expense	4	(290,101)	-
Research & development expenses		(927,746)	(219,613)
Travel expenses		(42,136)	(8,595)
Consultancy fees		(295,260)	(3,008)
Other expenses		<u>(52,147)</u>	<u>(8,718)</u>
		<u>(1,611,443)</u>	<u>(240,215)</u>
Loss before income tax expense		(1,561,443)	(240,215)
Income tax benefit	5	<u>135,602</u>	<u>27,188</u>
Net loss from continuing operations		<u>(1,425,841)</u>	<u>(213,027)</u>
Other comprehensive income for the year/ period		<u>-</u>	<u>-</u>
Total comprehensive loss		<u>(1,425,841)</u>	<u>(213,027)</u>

The accompanying notes form part of these financial statements.

GRAPHENE TECHNOLOGY SOLUTIONS LIMITED

ABN: 16 629 889 550

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2020

	Note	2020 \$	8 November 2018 to 30 June 2019 - Unaudited \$
Current assets			
Cash and cash equivalents	6	53,995	350,006
Receivables	7	86,034	27,956
Current tax assets	5	<u>135,602</u>	<u>27,188</u>
Total current assets		<u>275,631</u>	<u>405,150</u>
Non-current assets			
Plant and equipment	8	<u>79,757</u>	<u>19,929</u>
Total non-current assets		<u>79,757</u>	<u>19,929</u>
Total assets		<u>355,388</u>	<u>425,079</u>
Current liabilities			
Payables	9	<u>418,417</u>	<u>193,466</u>
Total current liabilities		<u>418,417</u>	<u>193,466</u>
Total liabilities		<u>418,417</u>	<u>193,466</u>
Net assets		<u>(63,029)</u>	<u>231,613</u>
Equity			
Share capital	10	1,328,639	444,640
Reserves	11	247,200	-
Retained earnings	12	<u>(1,638,868)</u>	<u>(213,027)</u>
Total equity		<u>(63,029)</u>	<u>231,613</u>

The accompanying notes form part of these financial statements.

GRAPHENE TECHNOLOGY SOLUTIONS LIMITED

ABN: 16 629 889 550

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020**

	Share capital	Reserves	Retained earnings	Total equity
	\$	\$	\$	\$
Company Incorporated on 8 November 2018	-	-	-	-
Loss for the period	<u>-</u>	<u>-</u>	<u>(213,027)</u>	<u>(213,027)</u>
Total comprehensive loss for the period	<u>-</u>	<u>-</u>	<u>(213,027)</u>	<u>(213,027)</u>
Transactions with owners in their capacity as owners:				
Contributions	<u>444,640</u>	<u>-</u>	<u>-</u>	<u>444,640</u>
Total transactions with owners in their capacity as owners	<u>444,640</u>	<u>-</u>	<u>-</u>	<u>444,640</u>
Balance as at 30 June 2019	<u>444,640</u>	<u>-</u>	<u>(213,027)</u>	<u>231,613</u>
Balance as at 1 July 2019	444,640	-	(213,027)	231,613
Loss for the year	<u>-</u>	<u>-</u>	<u>(1,425,841)</u>	<u>(1,425,841)</u>
Total comprehensive loss for the year	<u>-</u>	<u>-</u>	<u>(1,425,841)</u>	<u>(1,425,841)</u>
Transactions with owners in their capacity as owners:				
Contributions	883,999	-	-	883,999
Share based payments	<u>-</u>	<u>247,200</u>	<u>-</u>	<u>247,200</u>
Total transactions with owners in their capacity as owners	<u>883,999</u>	<u>247,200</u>	<u>-</u>	<u>1,131,199</u>
Balance as at 30 June 2020	<u>1,328,639</u>	<u>247,200</u>	<u>(1,638,868)</u>	<u>(63,029)</u>

The accompanying notes form part of these financial statements.

GRAPHENE TECHNOLOGY SOLUTIONS LIMITED

ABN: 16 629 889 550

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020**

	Note	2020 \$	8 November 2018 to 30 June 2019 - Unaudited \$
Cash flow from operating activities			
Payments to suppliers		(639,316)	(74,424)
R&D tax refund		<u>27,188</u>	<u>-</u>
Net cash used in operating activities	13(b)	<u>(612,128)</u>	<u>(74,424)</u>
Cash flow from investing activities			
Payment for non current assets		<u>(63,881)</u>	<u>(20,210)</u>
Net cash used in investing activities		<u>(63,881)</u>	<u>(20,210)</u>
Cash flow from financing activities			
Proceeds from share issue		<u>379,998</u>	<u>444,640</u>
Net cash provided by financing activities		<u>379,998</u>	<u>444,640</u>
Reconciliation of cash			
Cash at beginning of the financial year/period		350,006	-
Net increase / (decrease) in cash held		<u>(296,011)</u>	<u>350,006</u>
Cash at end of financial year/period	13(a)	<u><u>53,995</u></u>	<u><u>350,006</u></u>

The accompanying notes form part of these financial statements.

GRAPHENE TECHNOLOGY SOLUTIONS LIMITED

ABN: 16 629 889 550

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

These are special purpose financial statements that have been prepared for the purposes of complying with the *Corporations Act 2001* requirements to prepare and distribute financial statements to the owners of the Company. The directors have determined that the accounting policies adopted are appropriate to meet the needs of the owners of the Company.

The financial report covers Graphene Technology Solutions Limited as an individual entity. Graphene Technology Solutions Limited is a company limited by shares, incorporated and domiciled in Australia. Graphene Technology Solutions Limited is a for-profit entity for the purpose of preparing the financial statements.

The Company was registered as an Australian Proprietary Company on 8 November 2018. On 16 August 2019, the Company changed its legal status to an Australian Unlisted Public Company, limited by shares.

This financial report is for the year ended 30 June 2019. The comparative financial information is for the first financial reporting period from 8 November 2018 to 30 June 2019.

The financial report was approved by the directors as at the date of the directors' report.

The financial report has been prepared in accordance with the *Corporations Act 2001*, the recognition and measurement requirements specified by all Australian Accounting Standards and Interpretations, and the disclosure requirements of:

- AASB 101: Presentation of Financial Statements
- AASB 107: Statement of Cash Flows
- AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors
- AASB 1054: Australian Additional Disclosures

The following specific accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of this financial report:

(a) Basis of preparation of the financial report

Historical Cost Convention

The financial report has been prepared under the historical cost convention.

Significant accounting estimates and judgements

The preparation of the financial report requires the use of certain estimates and judgements in applying the Company's accounting policies. Those estimates and judgements significant to the financial report are disclosed in Note 3 to the financial statements.

GRAPHENE TECHNOLOGY SOLUTIONS LIMITED

ABN: 16 629 889 550

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Going concern

The financial report has been prepared on the going concern basis which presumes the realisation of assets and payment of liabilities in the normal course of business over the foreseeable future. The directors are confident that the transaction with Acacia Coal Limited will proceed per the binding Share Sale agreement. The agreement is founded on the acquiring party raising three to four million dollars which will ensure the new entity has working capital well beyond the requirements over the next 12 months.

Should the Company not proceed with the Acacia Coal Limited transaction, and if further equity capital or debt funding not be garnered, a material uncertainty would exist over the ability of the Company to continue as a going concern, and therefore, it may have to realise its assets and extinguish its liabilities, other than in the ordinary course of business and at amounts different from those stated in the financial report.

(c) Cash and cash equivalents

Cash and cash equivalents include cash on hand and at banks, short-term deposits with an original maturity of three months or less held at call with financial institutions, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

(d) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the Company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value adjusted for transaction costs, except where the instrument is classified as fair value through profit or loss, in which case transaction costs are immediately recognised as expenses in profit or loss.

(e) Impairment of non-financial assets

Intangible assets with indefinite useful lives are assessed for impairment whenever events or circumstances arise that indicate the asset may be impaired.

An impairment loss is recognised when the carrying amount of an asset exceeds the asset's recoverable amount. The recoverable amount of an asset is defined as the higher of its fair value less costs to sell and value in use (where 'value in use' is determined as the present value of the future cash flows expected to be derived from an asset).

Impairment losses in respect of individual assets are recognised immediately in profit or loss.

A reversal of an impairment loss for an asset measured at cost is recognised in profit or loss.

GRAPHENE TECHNOLOGY SOLUTIONS LIMITED

ABN: 16 629 889 550

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting year.

(g) Income tax

Current income tax expense or revenue is the tax payable on the current year's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities.

Deferred tax assets and liabilities are recognised for temporary differences at the applicable tax rates when the assets are expected to be recovered or liabilities are settled. Deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not recognised if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(h) Research and development expenditure

Expenditure on research activities is recognised as an expense when incurred.

Development costs are capitalised when the Company can demonstrate all of the following: the technical feasibility of completing the asset so that it will be available for use or sale; the intention to complete the asset and use or sell it; the ability to use or sell the asset; how the asset will generate probable future economic benefits; the availability of adequate technical, financial and other resources to complete the development and to use or sell the asset; and the ability to measure reliably the expenditure attributable to the asset during its development. Capitalised development costs are amortised over their estimated useful lives commencing from the time the asset is available for use. The amortisation method applied to capitalised development costs is consistent with the estimated consumption of economic benefits of the asset. Subsequent to initial recognition, capitalised development costs are measured at cost, less accumulated amortisation and any accumulated impairment losses.

Other development expenditure is recognised as an expense when incurred.

GRAPHENE TECHNOLOGY SOLUTIONS LIMITED

ABN: 16 629 889 550

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Share based payments

Equity-settled share-based compensation benefits are provided to employees. Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is determined using the underlying asset price or American Single Barrier option pricing model that takes into account the exercise price, the term of the performance share, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Company or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Company or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

(j) Plant and equipment

Each class of plant and equipment is measured at cost or fair value less, where applicable, any accumulated depreciation and any accumulated impairment losses.

Plant and equipment

Plant and equipment is measured at cost, less accumulated depreciation and any accumulated impairment losses.

GRAPHENE TECHNOLOGY SOLUTIONS LIMITED

ABN: 16 629 889 550

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Plant and equipment (Continued)

Depreciation

The depreciable amount of all plant and equipment is depreciated over their estimated useful lives commencing from the time the asset is held available for use, consistent with the estimated consumption of the economic benefits embodied in the asset.

Class of fixed asset	Useful lives	Depreciation basis
Plant and equipment at cost	5 years	Straight line

(k) Goods and services tax (GST)

Revenues, expenses and purchased assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(l) Comparatives

The Company was registered as an Australian Proprietary Company on 8 November 2018. Accordingly, the comparative financial information are for the first financial reporting period from 8 November 2018 to 30 June 2019, unaudited.

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

(m) Reissue of Financial Statements

After the adoption of the financial statements for the year ended 30 June 2020, the directors became aware that two material transactions had not been recorded and reflected in the financial statements. The impact of this adjustment is an increase to Consultancy Expenses of \$130,000 with an adjustment to Accrued Expenses of \$100,000 and Share Based Payment Reserve of \$30,000.

GRAPHENE TECHNOLOGY SOLUTIONS LIMITED

ABN: 16 629 889 550

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 2: ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Company for the annual reporting period ended 30 June 2020. The Company's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Company, are set out below.

Conceptual Framework for Financial Reporting (Conceptual Framework)

The revised Conceptual Framework is applicable to annual reporting periods beginning on or after 1 July 2021 and early adoption is permitted. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards. Where the Company has relied on the existing framework in determining its accounting policies for transactions, events or conditions that are not otherwise dealt with under the Australian Accounting Standards, the Company may need to review such policies under the revised framework. At this time, the application of the Conceptual Framework is not expected to have a material impact on the Company's financial statements.

AASB 2020-2 Amendments to Australian Accounting Standards - Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities and AASB 1060 General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities

These standards are applicable to annual reporting periods beginning on or after 1 July 2021. AASB 2020-2 will prohibit certain for-profit entities from preparing special purpose financial statements and AASB 1060 provides a new Tier 2 reporting framework with simplified disclosures that are based on the requirements of IFRS for SMEs. Given that the Company will be moving to general purpose financial statements in the future, there is likely to be increased disclosure for areas such as key management personnel, related parties, tax and financial instruments; and some disclosures will be removed.

If the Company adopts the standards prior to the mandatory application date it will be able to take advantage of certain special transitional disclosure relief relating to comparative information in the first year of adoption.

GRAPHENE TECHNOLOGY SOLUTIONS LIMITED

ABN: 16 629 889 550

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 3: SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

Share Based Payments

In determining the expense in line with Note 1(i), the Company makes significant judgements and estimates.

For shares granted and immediately vesting during the year ended 30 June 2020, the fair value has been estimated at \$0.12.

In determining the expense in relation to the performance shares, the critical judgements and estimates were:

- The identification that each Performance Share Tranche has two performance conditions that are met in an 'either/or' manner.
- The first performance condition related to a revenue hurdle and was an 'other performance condition' with a fair value assessed at \$0.12 using the underlying share price.
- The second performance condition related to a revenue and market capitalisation hurdle and was a 'market based condition' with a fair value assessed at \$0.12 using the American Single Barrier pricing model.
- The critical and most sensitive estimate within the American Single Barrier pricing model was volatility, estimated at 80%.
- The vesting period for all conditions was estimated at five years.
- The expense for the year ended 30 June 2020 is based on which condition was most likely to be met at balance date. This was judged as the revenue target in the first performance condition.
- As this was an 'other performance condition' the expense is also determined by the probability of reaching this target. This was estimated at 80%.

Research and Development Costs

The Company exercises judgement as to when projects and their related costs meet the requirements for capitalisation under the policy set out in Note 1(h). No projects or costs were judged to meet that criteria for the year ended 30 June 2020.

GRAPHENE TECHNOLOGY SOLUTIONS LIMITED

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**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

	Note	2020 \$	8 November 2018 to 30 June 2019 - Unaudited \$
NOTE 4: OPERATING PROFIT			
Loss before income tax has been determined after:			
Employee benefits:			
- Share based payments		217,200	-
- Other employee benefits		<u>72,901</u>	<u>-</u>
		<u>290,101</u>	<u>-</u>
NOTE 5: INCOME TAX			
(a) Components of tax expense			
Current tax - R&D tax incentive		<u>(135,602)</u>	<u>(27,188)</u>
		<u>(135,602)</u>	<u>(27,188)</u>
(b) Current tax			
Current tax relates to the following:			
Opening balance		(27,188)	-
R&D tax incentive - refundable		(135,602)	(27,188)
R&D tax refunds received		<u>27,188</u>	<u>-</u>
Current tax assets		<u>(135,602)</u>	<u>(27,188)</u>
NOTE 6: CASH AND CASH EQUIVALENTS			
Cash at bank		<u>53,995</u>	<u>350,006</u>
NOTE 7: RECEIVABLES			
Other receivables			
- GST Input Credits		31,034	25,961
- Other debtors	14	<u>55,000</u>	<u>1,995</u>
		<u>86,034</u>	<u>27,956</u>

GRAPHENE TECHNOLOGY SOLUTIONS LIMITED

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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 \$	8 November 2018 to 30 June 2019 - Unaudited \$
NOTE 8: PLANT AND EQUIPMENT			
Plant and equipment at cost		84,091	20,210
Accumulated depreciation		<u>(4,334)</u>	<u>(281)</u>
Total plant and equipment		<u>79,757</u>	<u>19,929</u>
NOTE 9: PAYABLES			
CURRENT			
<i>Unsecured liabilities</i>			
Other creditors		318,417	193,466
Accrued expenses		<u>100,000</u>	<u>-</u>
		<u>418,417</u>	<u>193,466</u>
NOTE 10: SHARE CAPITAL			
29,910,100 (2019: 22,509,598) fully paid ordinary shares		<u>1,328,639</u>	<u>444,640</u>
Rights of each type of share			
The holders of ordinary shares are entitled to participate in dividends and the proceeds on winding up of the Company. On a show of hand at meetings of the Company, each holder of ordinary shares has one vote in person or by proxy, and upon a poll each share is entitled to one vote.			
NOTE 11: RESERVES			
Share based payments reserve		<u>247,200</u>	<u>-</u>
		<u>247,200</u>	<u>-</u>
The share based payments reserve is used to record the fair value of shares or options issued to employees and consultants.			
NOTE 12: RETAINED EARNINGS			
Retained earnings at beginning of the year/period		(213,027)	-
Net loss		<u>(1,425,841)</u>	<u>(213,027)</u>
		<u>(1,638,868)</u>	<u>(213,027)</u>

GRAPHENE TECHNOLOGY SOLUTIONS LIMITED

ABN: 16 629 889 550

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

	Note	2020 \$	8 November 2018 to 30 June 2019 - Unaudited \$
NOTE 13: CASH FLOW INFORMATION			
(a) Reconciliation of cash			
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position is as follows:			
Cash at bank		53,995	350,006
		<u>53,995</u>	<u>350,006</u>
(b) Reconciliation of cash flow from operations with profit after income tax			
Loss from ordinary activities after income tax		(1,425,841)	(213,027)
Adjustments and non-cash items			
Depreciation		4,053	281
Other non cash expenses		504,000	-
Share based payments		247,200	-
Changes in operating assets and liabilities			
Increase in receivables		(53,005)	(1,995)
Increase in payables		226,088	192,330
Increase in R&D tax refunds		(108,414)	(27,188)
GST movement		<u>(6,209)</u>	<u>(24,825)</u>
Cash flows used in operating activities		<u>(612,128)</u>	<u>(74,424)</u>
(c) Non-cash financing and investing activities			
There were no non-cash financing or investing activities.			

NOTE 14: CONTINGENT LIABILITIES

The Company has an exclusivity agreement for which it received consideration of \$50,000. These funds will need to be refunded if ASX approval is not received for the Acacia Coal Limited transaction. At balance date, the consideration had not been received and is disclosed in other receivables.

GRAPHENE TECHNOLOGY SOLUTIONS LIMITED

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**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 15: EVENTS SUBSEQUENT TO REPORTING DATE

Subsequent to reporting date, the Company and its major shareholders executed a binding agreement with Acacia Coal Limited, that subject to a number of conditions precedent including shareholder approval, will result in Acacia Coal Limited acquiring 100% of the issued capital of the Company. This transaction has not been completed at the date of these financial statements.

There has been no other matter or circumstance, which has arisen since 30 June 2020 that has significantly affected or may significantly affect:

- (a) the operations, in financial years subsequent to 30 June 2020, of the Company, or
- (B) the results of those operations, or
- (c) the state of affairs, in financial years subsequent to 30 June 2020, of the Company.

NOTE 16: COMPANY DETAILS

The registered office of the Company is:

Graphene Technology Solutions Limited (previously, Graphene Technology Solutions Pty Ltd)

21 Allen Grove

Unley SA 5061

GRAPHENE TECHNOLOGY SOLUTIONS LIMITED

ABN: 16 629 889 550

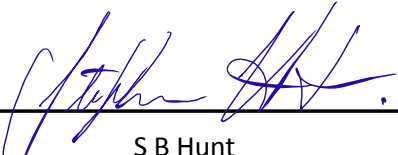
DIRECTORS' DECLARATION


The directors have determined that the Company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

The directors of the Company declare that:

1. In the directors opinion, the financial statements and notes, as set out on pages 6 - 20, are in accordance with the *Corporations Act 2001*, including:
 - (a) complying with Accounting Standards in Australia as detailed in Note 1 to the financial statements and the *Corporations Regulations 2001*; and
 - (b) giving a true and fair view of the financial position as at 30 June 2020 and performance for the year ended on that date of the Company in accordance with the accounting policies described in Note 1 to the financial statements.
2. In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Director: 
S B Hunt

Director: 
R W C Willson

Dated this 18th day of SEPTEMBER 2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GRAPHENE TECHNOLOGY SOLUTIONS LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Graphene Technology Solutions Limited (the Company), which comprises the statement of financial position as at 30 June 2020, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report of Graphene Technology Solutions Limited, is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Company's financial position as at 30 June 2020 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards to the extent described in Note 1, and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 1(b) in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the entity's ability to continue as a going concern and therefore the entity may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

Emphasis of matter - Basis of accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Emphasis of matter - Reissue of Financial Statements

We draw attention to Note 1(m) of the financial report, which discloses the reasons for amending and reissuing the financial report for the year ended 30 June 2020. This audit report supersedes our audit report on the previously issued financial report dated 2 September 2020. Our opinion is not modified in respect of this matter.

Other information

The directors are responsible for the other information. The other information comprises the information in the Directors' report for the year ended 30 June 2020, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Other matter

The corresponding figures for the period ended 30 June 2019 are unaudited.

Responsibilities of the directors for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *Corporations Act 2001* and is appropriate to meet the needs of the members. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists.



Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf

This description forms part of our auditor's report.

A handwritten signature in blue ink that reads 'BDO'.

BDO Audit (SA) Pty Ltd

A handwritten signature in blue ink, appearing to read 'Andrew Tickle'.

Andrew Tickle

Director

Adelaide, 18 September 2020

Schedule 5 Terms and Conditions of Underwriter Options and Adviser Options

The following terms and conditions apply to the Underwriter Options and Adviser Options:

1. **Entitlement**

The Options entitle the Option holder (**Optionholder**) to subscribe for one Share upon the exercise of each Option.

1. **Quotation of Options**

The Company will not apply for official quotation of the Options on ASX.

2. **Issue Price**

The Adviser Options will be issued for a nominal issue price of \$0.0001 per Option.

The Underwriter Options will be issued for nil cash consideration.

3. **Exercise price and Expiry date**

Each Option (unless otherwise specified) has an exercise price of \$0.30 (**Exercise Price**) and will expire at 5.00pm (WST) on the date that is 3 years from the date of issue (**Expiry Date**). Any Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

4. **Notice of Exercise**

The Optionholder may exercise their Options by lodging with the Company, on or prior to the Expiry Date:

- (a) in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion;
- (b) a written notice of exercise of Options specifying the number of Options being exercised (**Exercise Notice**); and
- (c) a cheque or electronic funds transfer for the Exercise Price for the number of Options being exercised. Cheques shall be in Australian currency made payable to the Company and crossed "Not Negotiable". An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.

5. **Timing of issue of Shares and quotation of Shares on exercise**

As soon as practicable after the valid exercise of an Option by the Optionholder, the Company will:

- (a) issue, allocate or cause to be transferred to the Optionholder the number of Shares to which the Optionholder is entitled;

- (b) issue a substitute Certificate for any remaining unexercised Options held by the Optionholder;
- (c) if required and subject to paragraph 6, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act; and
- (d) do all such acts, matters and things to obtain the grant of quotation of the Shares by ASX in accordance with the Listing Rules.

All Shares issued upon the exercise of Options will upon issue rank equally in all respects with the then issued Shares.

6. Restrictions on transfer of Shares

If the Company is unable to give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, Shares issued on exercise of the Options may not be traded until 12 months after their issue unless the Company, at its sole discretion, elects to issue a prospectus pursuant to section 708A(11) of the Corporations Act.

7. Quotation of Shares on exercise

The Company will apply for official quotation on ASX of all Shares issued upon exercise of the Options within 10 Business Days after the date of issue of those Shares.

8. Options transferrable

The Options will be transferable subject to compliance with the Corporations Act, Listing Rules and conditional on obtaining prior approval from the Board.

9. Participation in new issues

There are no participation rights or entitlements inherent in the Options and the Optionholder will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will give the Optionholder notice of the proposed issue prior to the date for determining entitlements to participate in any such issue.

10. Adjustment for bonus issues of Shares

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):

- (a) the number of Shares which must be issued on the exercise of an Option will not be increased by the number of Shares which the Optionholder would have received if the Optionholder had exercised the Option before the record date for the bonus issue; and
- (b) no change will be made to the Exercise Price.

11. Adjustment for entitlement issue

If the Company makes an issue of Shares pro rata to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) the Exercise Price of an Option will not be adjusted following an entitlement offer.

12. **Adjustments for reorganisation**

If there is any reorganisation of the issued share capital of the Company, the rights of the Optionholder will be varied to comply with the Listing Rules which apply to a reorganisation of capital at the time of the reorganisation.

Schedule 6 Terms and Conditions of Performance Shares

The following terms and conditions apply to the Performance Shares of Acacia Coal Limited.

1. **Definitions**

In these terms and conditions, unless the context otherwise requires:

Acquisition means the acquisition by the Company of 100% of the issued capital of GTS.

Acquisition Agreement means the share sale and purchase agreement containing the terms and conditions of the Acquisition.

ASX means ASX Limited ACN 008 624 691 or, where the context requires, the financial market operated by it.

Change of Control Event has the meaning given in condition 13(b).

Company means Acacia Coal Limited ACN 009 092 068.

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

Graphene Projects means the graphene projects of GTS as at the date of the Acquisition Agreement, including developments or improvements.

Graphene Technology means intellectual property relating to graphene technology owned or licensed by GTS as at the date of the Acquisition Agreement, including developments or improvements.

GTS means Graphene Technology Solutions Limited ACN 629 889 550.

Listing Rules means the official Listing Rules of the ASX as they apply to the Company from time to time.

Operating Revenue - means revenue calculated in accordance with AASB 15 which is generated either or both of the following:

- (a) the sale of graphene products derived from the Graphene Projects or Graphene Technology; or
- (b) the sale or licensing of the Graphene Technology.

Official List means the official list of ASX.

Performance Shares means a performance share in the capital of the Company.

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

VWAP means the volume weighted average price of the Company's shares for the 20 trading days on which trades occurred, immediately prior to the relevant date.

2. **Milestone**

The Performance Shares will convert into ordinary shares (**Shares**) in the Company on a one-for-one basis where on satisfaction of the following milestone:

- (a) GTS generates annual Operating Revenue of at least \$3 million from the Graphene Projects or Graphene Technology over an audited financial year; and
- (b) the Company achieves a market capitalisation (based on the Company's VWAP) of \$50 million or more,

(**Milestone**).

3. **Conversion**

The Performance Shares will convert into Shares upon satisfaction of the relevant Milestone.

4. **Expiry Date**

The Performance Shares expire on the date that is five years from the date of their issue (**Expiry Date**). To the extent that a milestone for a Performance Share has not been achieved by the Expiry Date, such Performance Shares will automatically consolidate into a sum total of one Performance Share, which will then convert into one Share.

5. **Transfer**

The Performance Shares are not transferable.

6. **Entitlements and bonus issues**

Subject always to the rights under condition 7 (Reorganisation of Capital), Performance Share holders will not be entitled to participate in new issues of capital offered to shareholders such as bonus issues and entitlement issues.

7. **Reorganisation of capital**

In the event that the issued capital of the Company is reconstructed, all the holder's rights as a holder of Performance Shares will be changed to the extent necessary to comply with the Listing Rules at the time of reorganisation provided that, subject to compliance with the Listing Rules, following such reorganisation the holder's economic and other rights are not diminished or terminated.

8. **Right to receive Notices and attend general meetings**

Each Performance Share confers on the holder (**Holder**) the right to receive notices of general meetings and financial reports and accounts of the Company that are circulated to shareholders. A Holder has the right to attend general meetings of the Company.

9. **Voting rights**

A Performance Share does not entitle the Holder to vote on any resolutions proposed at a general meeting of the Company, subject to any voting rights provided under the Corporations Act or the Listing Rules where such rights cannot be excluded by these terms.

10. **Dividend rights**

A Performance Share does not entitle the Holder to any dividends.

11. **Return of capital rights**

The Performance Shares do not confer any right to a return of capital, whether in a winding up, upon a reduction of capital or otherwise.

12. **Rights on winding up**

The Performance Shares have no right to participate in the surplus profits or assets of the Company upon a winding up of the Company.

13. **Change in control**

- (a) If prior to the earlier of the Conversion or the Expiry Date a Change in Control Event occurs, then each Performance Share will automatically and immediately convert into a Share. However, if the number of Shares to be issued as a result of the conversion of the Performance Shares is in excess of 10% of the total fully diluted share capital of the Company at the time of the conversion, then the number of Performance Shares to be converted will be reduced so that the aggregate number of Shares to be issued on conversion of the Performance Shares is equal to 10% of the entire fully diluted share capital of the Company.
- (b) A Change of Control Event occurs when:
 - (i) **takeover bid:** the occurrence of the offeror under a takeover offer in respect of all shares announcing that it has achieved acceptances in respect of more than 50.1% of shares and that takeover bid has become unconditional; or
 - (ii) **scheme of arrangement:** the announcement by the Company that the Company's shareholders (**Shareholders**) have at a Court-convened meeting of Shareholders voted in favour, by the necessary majority, of a proposed scheme of arrangement under which all Company securities are to be either cancelled transferred to a third party, and the Court, by order, approves the proposed scheme of arrangement.
- (c) The Company must ensure the allocation of shares issued under sub-paragraph (a) is on a pro rata basis to all Holders in respect of their respective holdings of Performance Shares and all remaining Performance Shares held by each Holder will remain on issue until conversion or expiry in accordance with the terms and conditions set out herein.

14. **Issue of Shares**

The Shares to which the holder is entitled on exercise of the Performance Share will be issued to the holder as soon as practicable after the exercise date. All Shares issued upon the conversion of Performance Shares will upon issue rank pari passu in all respects with other Shares.

15. **Quotation**

Performance Shares will not be quoted on ASX. On conversion of Performance Shares into Shares, the Company must, within seven days, apply for and use its best endeavours to obtain the official quotation on ASX of the Shares arising from the conversion.

16. **Cleansing notice or prospectus**

The Company will issue a cleansing notice under section 708A(5) of the Corporations Act or a cleansing prospectus under section 708A(11) of the Corporations Act to permit the on-sale of Shares issued by reason of conversion from Performance Shares, within five days of the issue of the Shares.

17. **No other rights**

A Performance Share does not give a Holder any rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.

18. **Amendments required by ASX**

The terms of the Performance Shares may be amended as considered necessary by the Board in order to comply with the Listing Rules, or any directions of ASX regarding the terms provided that, subject to compliance with the Listing Rules, following such amendment, the economic and other rights of the Holder are not diminished or terminated.

Schedule 7 Summary of Employee Securities Incentive Plan

A summary of the key terms of the Plan is set out below:

1. **(Eligible Participant):** Eligible Participant means a person that:
 - (a) is an 'eligible participant' (as that term is defined in ASIC Class Order CO 14/1000) in relation to the Company or an Associated Body Corporate (as that term is defined in ASIC Class Order 14/1000); and
 - (b) has been determined by the Board to be eligible to participate in the Plan from time to time.
2. **(Purpose):** The purpose of the Plan is to:
 - (a) assist in the reward, retention and motivation of Eligible Participants;
 - (b) link the reward of Eligible Participants to Shareholder value creation; and
 - (c) 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.
3. **(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.
4. **(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.
5. **(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.
6. **(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.
7. **(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.

8. **(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 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. At the time of exercise of the Convertible Securities, subject to Board approval at that time, 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 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.

9. **(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.
10. **(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:

- (a) 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
 - (b) any Convertible Securities which have not yet vested will be automatically forfeited on the expiry date specified in the invitation.
11. **(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.

12. **(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.
13. **(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:

- (a) transfer, encumber or otherwise dispose of, or have a security interest granted over that Plan Share; or
 - (b) 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.
14. **(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 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.
15. **(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.
16. **(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.

17. **(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.

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.

Schedule 8 Valuation of Performance Shares

Intrinsic	-0.015	Intrinsic	-0.015	Intrinsic	0.000
Time Value	0.208	Time Value	0.015	Extrinsic	0.193
		Volatility	<u>0.193</u>		
			0.19288		
No. of unlisted performance shares			7,000,000		
Value per performance share			19.28769557		
Value of performance shares (no discount for lack of marketability)			\$1,350,139		
Value of performance shares (discount for lack of marketability and hurdle not met)		60%	\$540,055.48		

Schedule 9 Term and conditions of Listing Rule 10.13.5 Waiver

Waiver Decision

1. Based solely on the information provided, ASX Limited (**ASX**) grants Acacia Coal Limited (the **Company**), in connection with the acquisition of 100% of the issued capital of Graphene Technology Solutions Limited (**Acquisition**) and a proposed capital raising of between \$3,000,000 (minimum) and \$4,000,000 (maximum) (**Capital Raising**) via the issue of between 15,000,000 and 20,000,000 ordinary shares at an issue price of \$0.20 per share (**Capital Raising Shares**) a waiver from listing rule 10.13.5 to the extent necessary to permit the Company to issue the following securities to existing and future related parties:
 - 1.1 up to 375,000 Capital Raising Shares to current director Adam Santa Maria;
 - 1.2 up to 750,000 Capital Raising Shares to existing director Logan Robertson;
 - 1.3 up to 250,000 Capital Raising Shares to existing director Brett Lawrence;
 - 1.4 up to 375,000 Capital Raising Shares to proposed director Stephen Hunt;
 - 1.5 up to 500,000 Capital Raising Shares to proposed director Daniel Eddington;
 - 1.6 375,000 ordinary shares at the issue price of the Capital Raising Shares and 750,000 unquoted options with an exercise price of \$0.30 and an expiry date 3 years from the date of issue to Discovery Capital Partners (or its nominee) in respect of corporate advisory services, (**Related Party Securities**) later than 1 month after the date on which the issue of the Related Party Shares is approved at a meeting of the Company's ordinary security holders, subject to the following conditions:
 - 1.7 the Related Party Securities are issued by no later than the date that the Capital Raising Shares are issued which must be no later than 3 months after the date of the shareholder meeting;
 - 1.8 the Related Party Securities are issued pursuant to the relevant terms and conditions set out in the notice of meeting pursuant to which the Company will seek the approval required under listing rule 11.1.2 for the Acquisition (**Notice**);
 - 1.9 the circumstances of the Company, as determined by the ASX, have not material changed since the Company's shareholders approved the issue of the Related Party Securities; and
 - 1.10 the terms of the waiver are clearly disclosed in the Notice and in the prospectus to be issued in respect of the Capital Raising.
2. ASX has considered Listing Rule 10.13.5 only and makes no statement as to the Company's compliance with other listing rules.

ACACIA COAL LIMITED

ACN 009 092 068

PROXY FORM

The Company Secretary
Acacia Coal Limited

By post: PO Box 902, West Perth WA 6872
By hand delivery: C/- Ventnor Capital, Ground Floor, 16 Ord Street, West Perth WA 6005
By email: bdonovan@ventnorcapital.com

**Name of
Shareholder:**

**Address of
Shareholder:**

**Number of Shares
entitled to vote:**

Please mark ☒ to indicate your directions. Further instructions are provided overleaf.

STEP 1 – APPOINT A PROXY TO VOTE ON YOUR BEHALF

Proxy appointments will only be valid and accepted by the Company if they are made and received no later than 48 hours before the Meeting.

I/We being Shareholder/s of the Company hereby appoint:

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

☐

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

Or failing the person/body corporate named, or if no person/body corporate is 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 General Meeting of the Company to be held at the offices of Ventnor Capital, at **Ground Floor, 16 Ord Street, West Perth WA 6005**, Western Australia on Monday, 26 October 2020 at 10 am (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.

STEP 2 - INSTRUCTIONS AS TO VOTING ON RESOLUTIONS

The proxy is to vote for or against the Resolution referred to in the Notice as follows:

	For	Against	Abstain*
Resolution 1 - Consolidation of Capital			
Resolution 2 - Approval to change in nature and scale of activities			
Resolution 3 - Approval to issue Consideration Shares to the GTS Vendors			
Resolution 4 – Approval of Employee Securities Incentive Plan			

	For	Against	Abstain*
Resolution 5 – Approval to create a new class of Performance Shares			
Resolution 6 - Approval to issue Performance Shares to the Proposed Directors			
Resolution 7 – Approval to issue Performance Shares to Adrien Wing			
Resolution 8 – Approval to issue Public Offer Shares			
Resolution 9(a) – Participation in Public Offer by Adam Santa Maria			
Resolution 9(b) – Participation in Public Offer by Logan Robertson			
Resolution 9(c) – Participation in Public Offer by Brett Lawrence			
Resolution 9(d) – Participation in Public Offer by Stephen Hunt			
Resolution 9(e) – Participation in Public Offer by Daniel Eddington			
Resolution 10(a) – Approval to issue Securities to Lead Manager (Options)			
Resolution 10(b) – Approval to issue Securities to Lead Manager (Shares)			
Resolution 11(a) – Approval to issue Securities to Discovery Capital Partners (Shares)			
Resolution 11(b) – Approval to issue Securities to Discovery Capital Partners (Options)			
Resolution 12(a) – Election of Mr Stephen Hunt as a Director			
Resolution 12(b) – Election of Mr Thomas Spurling as a Director			
Resolution 12(c) – Election of Mr Daniel Eddington as a Director			
Resolution 13 – Change of Company Name			
Resolution 14 – Replacement of Constitution			

If no directions are given my proxy may vote as the proxy thinks fit or may abstain.

* 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.

Authorised signature/s This section **must** be signed in accordance with the instructions below to enable your voting instructions to be implemented.

Individual or Shareholder 1

Sole Director/Company Secretary

Shareholder 2

Director

Shareholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date

¹Insert name and address of Shareholder

² Insert name and address of proxy

*Omit if not applicable

PROXY NOTES

A Shareholder entitled to attend and vote at the General Meeting may appoint a natural person as the Shareholder's proxy to attend and vote for the Shareholder at that General Meeting. If the Shareholder is entitled to cast 2 or more votes at the General Meeting the Shareholder may appoint not more than 2 proxies. Where the Shareholder appoints more than one proxy the Shareholder may specify the proportion or number of votes each proxy is

appointed to exercise. If such proportion or number of votes is not specified each proxy may exercise half of the Shareholder's votes. A proxy may, but need not be, a Shareholder of the Company.

If a Shareholder appoints a body corporate as the Shareholder's proxy to attend and vote for the Shareholder at that General Meeting, the representative of the body corporate to attend the General Meeting must produce the Certificate of Appointment of Representative prior to admission. A form of the certificate may be obtained from the Company's share registry.

You must sign this form as follows in the spaces provided:

Joint Holding: where the holding is in more than one name all of the holders must sign.

Power of Attorney: if signed under a Power of Attorney, you must have already lodged it with the registry, or alternatively, attach a certified photocopy of the Power of Attorney to this Proxy Form when you return it.

Companies: a Director can sign jointly with another Director or a Company Secretary. A sole Director who is also a sole Company Secretary can also sign. Please indicate the office held by signing in the appropriate space.

If a representative of the corporation is to attend the General Meeting the appropriate 'Certificate of Appointment of Representative' should be produced prior to admission. A form of the certificate may be obtained from the Company's Share Registry.

Proxy Forms (and the power of attorney or other authority, if any, under which the Proxy Form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the Proxy Form (and the power of attorney or other authority) must be provided to the Company Secretary at an address provided above (by post, hand delivery or email) not less than 48 hours prior to the time of commencement of the General Meeting (WST).